

NEW ISSUE**(Book Entry Only)****Standard & Poor's Rating: ____**
See "RATING" herein.

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Series 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Series 2021 Bonds is exempt from income taxation by the State of Missouri and (3) the Series 2021 Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein.

MISSOURI DEVELOPMENT FINANCE BOARD**\$[Principal Amount]*****Infrastructure Facilities Refunding Revenue Bonds****(City of Independence, Missouri – Crackerneck Creek Project)****Series 2021****Dated: Date of Delivery****Due: See Inside Cover Page**

The Missouri Development Finance Board Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021 (the "Series 2021 Bonds") are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Principal of and semiannual interest on the Series 2021 Bonds will be paid from moneys available therefor under the Indenture (herein defined) by UMB Bank, N.A., Kansas City, Missouri, as Trustee and Paying Agent. Principal of the Series 2021 Bonds will be due as shown on the inside cover page. Interest on the Series 2021 Bonds will be payable on each March 1 and September 1, beginning on September 1, 2021. The payment of debt service on the Series 2021 Bonds is on parity with the payment of debt service on the Series 2015C Bonds (as defined herein) which will remain outstanding. Such bonds, together with any additional parity bonds which may be issued under the Indenture are referred to herein as the "Bonds."

The Series 2021 Bonds are being issued to provide funds, together with other funds available for such purpose, to (i) refund and redeem obligations of the Board relating to the Crackerneck Creek Redevelopment Area, and (ii) pay costs of issuance related to the Series 2021 Bonds. Other funds available to the City for such purpose will be used to fund an account of the Debt Service Reserve Fund (defined herein) for the Series 2021 Bonds. See "**PLAN OF FINANCE - Refunded Bonds.**"

The Series 2021 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2021 BONDS-Redemption."

The Bonds will be payable from, (i) an assignment and a pledge of Loan Payments (defined herein) made by the City of Independence, Missouri (the "City"), pursuant to a Financing Agreement (defined herein) between the Missouri Development Finance Board (the "Board") and the City and (ii) certain other funds held by the Trustee under the Indenture. Except with respect to the Pledged Revenues (defined herein), the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds, as described herein. See "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,**" "**THE CITY'S GENERAL FUND,**" and "**ANTICIPATED REVENUE SOURCES**" herein. A prospective purchaser is advised to read "**BONDOWNERS' RISKS**" herein for a description of certain risk factors which should be considered in connection with an investment in the Series 2021 Bonds.

THE BONDS ARE NOT AN INDEBTEDNESS OF THE BOARD, THE CITY, THE STATE OF MISSOURI OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY PROVISION OF THE CONSTITUTION OR LAWS OF THE STATE OF MISSOURI. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWERS OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT, DIRECTLY, INDIRECTLY OR CONTINGENTLY, OBLIGATE THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT, EXCEPT AS OTHERWISE DESCRIBED HEREIN. THE BOARD HAS NO TAXING POWER. PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BONDS IS NOT SECURED BY ANY DEED OF TRUST, MORTGAGE OR OTHER LIEN ON ANY PROPERTY OF THE CITY OR ANY DEVELOPER.

The Series 2021 Bonds are offered when, as and if issued by the Board and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of their validity by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, as described herein. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Orrick, Herrington & Sutcliffe LLP and Armstrong Teasdale LLP. Certain legal matters will be passed on for the City by the City Counselor, Independence, Missouri, and for the Board by Gilmore & Bell, P.C., Kansas City, Missouri. It is expected that the Series 2021 Bonds will be available for delivery through DTC on or about June __, 2021.

Goldman Sachs & Co. LLC

The date of this Official Statement is June __, 2021.

* Preliminary, subject to change.

MISSOURI DEVELOPMENT FINANCE BOARD

**[\$[Principal Amount]*
Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri – Crackerneck Creek Project)
Series 2021**

Dated: Date of Delivery

Due: March 1 as shown below

Maturity Schedule*

Serial Bonds

<u>Due March 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Offering Price</u>	<u>CUSIP No.†</u>
---------------------------	------------------------------------	---------------------------------	----------------------------------	--------------------------

Term Bonds

\$ _____	Term Bonds due March 1, 20__	Interest Rate: _____%	Offering Price: _____%	CUSIP No.† _____
\$ _____	Term Bonds due March 1, 20__	Interest Rate: _____%	Offering Price: _____%	CUSIP No.† _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Board, the City, the Municipal Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Board, the City, the Municipal Advisor or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information set forth herein has been obtained from the Board, the City and other sources believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Board, the Municipal Advisor or the Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities to investors, under the Federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Board or the City since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BOARD. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement contains “forward-looking statements.” These forward-looking statements include statements about the City’s projections and future plans and strategies, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of the City. When used in this Official Statement, the words “project,” “estimate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include but are not limited to those discussed in the **“THE CITY’S GENERAL FUND,” “ANTICIPATED REVENUE SOURCES”** and **“BONDOWNERS’ RISKS”** sections of this Official Statement. The City undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

The City maintains a website, however, the information presented therein is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Series 2021 Bonds.

EXCEPT FOR INFORMATION CONCERNING THE BOARD IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED **“THE BOARD”** AND **“LITIGATION – The Board,”** NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOARD AND THE BOARD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
INTRODUCTORY STATEMENT	1
Purpose of the Official Statement	1
The Board	1
The City	1
Use of Bond Proceeds	1
The Crackerneck Creek Project	2
Project Bonds Issued for the Crackerneck Creek Project	2
The Series 2021 Bonds	3
Security and Sources of Payment for the Bonds	3
Bondowners' Risks	5
Additional Parity Bonds	6
Continuing Disclosure	6
Definitions and Summaries of Legal Documents	6
THE BOARD	6
General	6
Organization and Membership	7
Other Indebtedness of the Board	8
THE CITY	8
PLAN OF FINANCE	8
Refunded Bonds	8
Sources and Uses of Funds	9
The Crackerneck Creek Project	10
THE CITY'S GENERAL FUND	11
Introduction	11
Audited Financial Information for Fiscal Year 2020	11
Summary of General Fund Revenues, Expenditures and	
Changes in Fund Balances	12
General Fund Balance Sheet Summary	13
The City's 2020-2021 Operating Budget	14
General Fund Budgets and Results	15
The Interfund Loan	16
Post-Budget Developments	16
Proposed 2021-2022 Operating Budget	17
ANTICIPATED REVENUE SOURCES	18
General Fund Revenues	20
Pledged Revenues	20
Bass Pro Lease Payments	21
Dedicated Appropriation Sources	22
Non-Dedicated Appropriation Sources	23
The City's Tax Increment Financing Supplemental	
Appropriation Policy	24
Fiscal Year 2020 Collections of Certain Revenues	25
Insufficiency of Certain Revenues, Reliance on General	
Fund and Other Legally Available Sources	25
Anticipated Future Financings	26
THE SERIES 2021 BONDS	26
General Terms	26
Book-Entry Only System	27
Redemption	29
Transfer Outside Book-Entry Only System	31
CUSIP Numbers	32
SECURITY AND SOURCES OF PAYMENT FOR	
THE BONDS 32	32
General	32
Special, Limited Obligations	32
The Financing Agreement	33
Annual Appropriation Obligation of the City	33
Debt Service Reserve Fund	34
The Indenture	35
Project Bonds, Priority of Liens	36
Additional Parity Bonds	36
BONDOWNERS' RISKS	36
General	36
Effects of COVID-19	37
Risk Factors Relating to Annual Appropriations	39
No Pledge, Lease or Mortgage of any Project or any other	
Facilities of the City	41
Ability to Issue Future Series of Project Bonds	41
Tax Increment Financing Litigation	41
Risk Factors Relating to Revenues Generated by the	
Crackerneck Creek Project	42
Risk of Failure to Maintain Levels of Assessed Valuations ..	42
Risk Factors Relating to Revenues Generated by Retail	
Sales Tax	43
Changes in State and Local Tax Rates	44
Changes in State and Local Tax Laws	45
Risk Factors Relating to I-70 / Little Blue Parkway	
Revenues	45
Risk Factors Relating to the Non-Dedicated Appropriation	
Sources	45
Federal Investigation of Certain Transactions	46
Titan Fish Lawsuit	47
Independent Accountant's Report on Applying Agreed-	
Upon Procedures Related to Crackerneck Creek	
Transactions	47
Cybersecurity Risks	48
Additional Parity Bonds	49
Shortfalls Relating to Other Annual Appropriation	
Obligations	49
Enforcement of Remedies	49
Amendment of Indenture	49
Early Redemption Prior to Maturity	50
Debt Service Reserve Fund	50
Determination of Taxability	50
Risk of Audit	51
Lack of Secondary Market for the Series 2021 Bonds	51
Defeasance Risks	51
LITIGATION	52
The Board	52
The City	52
LEGAL MATTERS	52
TAX MATTERS	52
Opinion of Bond Counsel	53
Other Tax Consequences	53
RATING 54	54
FINANCIAL STATEMENTS	54
CONTINUING DISCLOSURE	55
UNDERWRITING	56
MUNICIPAL ADVISOR	57
VERIFICATION AGENT	57
MISCELLANEOUS	57
Appendix A: Information Concerning the City of	
Independence, Missouri	
Appendix B: Comprehensive Annual Financial Report of the	
City of Independence, Missouri for Fiscal Year	
Ended June 30, 2020	
Appendix C: The City's 2020-2021 Operating Budget	
Appendix D: The Bass Pro Store, the Bass Pro Lease and the	
Status of the Developer	
Appendix E: Definitions of Words and Terms and Summaries	
of Certain Legal Documents	
Appendix F: Form of Opinion of Bond Counsel	
Appendix G: Tax Increment Financing in Missouri	
Appendix H: Actuarial Report of GRS Retirement Consulting	
Appendix I: Actuarial Report of Lewis & Ellis, Inc.	
Appendix J: Form of Continuing Disclosure Undertaking	

OFFICIAL STATEMENT

MISSOURI DEVELOPMENT FINANCE BOARD

\$[Principal Amount]*
Infrastructure Facilities Refunding Revenue Bonds
(City of Independence, Missouri – Crackerneck Creek Project)
Series 2021

INTRODUCTORY STATEMENT

*The following introductory statement is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of information in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and Appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in **Appendix E** hereto.*

Purpose of the Official Statement

This Official Statement, including the cover page, the inside cover page and the Appendices, sets forth certain information in connection with (i) the issuance and sale by the Missouri Development Finance Board, a body corporate and politic of the State of Missouri (the “Board”), of the above-described bonds (the “Series 2021 Bonds”), (ii) the Board, (iii) the City of Independence, Missouri (the “City”), and (iv) the Crackerneck Creek Project more fully described herein.

The Board

The Board is a body corporate and politic duly created and existing under the laws of the State of Missouri (the “State”), including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the “Act”).

The City

The City is a constitutional charter city and political subdivision of the State. See the caption “**THE CITY**” herein and “**APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI,**” “**APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020,**” and “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET.**”

Use of Bond Proceeds and Other Funds

The proceeds of the Series 2021 Bonds will be loaned to the City pursuant to the Financing Agreement dated as of October 1, 2015, as supplemented by a First Supplemental Financing Agreement dated as of June 1, 2021 (together, the “Financing Agreement”) each between the Board and the City. The Series 2021 Bonds are being issued to provide funds, together with certain other funds available to the City for such purposes, to (i) refund and redeem the Refunded Bonds (as defined under the caption “**PLAN OF FINANCE – Refunded Bonds**”), and (ii) pay costs of issuance related to the Series 2021 Bonds. Other funds available to the City will be used to fund a deposit to an account of the Debt Service Reserve Fund for the Series 2021 Bonds. See “**PLAN OF FINANCE.**”

* Preliminary, subject to change.

The Crackerneck Creek Project

The Crackerneck Creek Tax Increment Financing Plan was approved by the City in 2004 and anticipated the development and construction of a 450,000 square foot commercial retail center (the “Crackerneck Creek Project”). The Crackerneck Creek Project was originally projected to include (i) the Bass Pro Store described herein, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. As of March 1, 2021, the Crackerneck Creek Project included the Bass Pro Store, a hotel, approximately 94,732 square feet of retail and approximately 28,266 square feet of restaurant uses. See “**CRACKERNECK CREEK PROJECT**” herein.

Project Bonds Issued for the Crackerneck Creek Project

To date, the Board has issued bonds to pay costs of development of the Crackerneck Creek Project and to refund a portion of such bonds under separate financing agreements and indentures. With the issuance of the Series 2021 Bonds, only the Series 2015C Bonds (as defined below) and the Series 2021 Bonds, issued under the Indenture and the Financing Agreement will remain outstanding.

The Board has previously issued \$89,570,000 in bonds to pay costs of development of the Crackerneck Creek Project together with funding reserves, costs of issuance and capitalized interest. All of such bonds have previously been refunded except the Board’s \$14,030,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2006B (the “Series 2006B Bonds”). In 2013 the Board issued its \$14,005,000 Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013A (the “Series 2013A Bonds”) and its \$10,835,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013B (the “Series 2013B Bonds”) to refund a portion of the bonds issued to pay project costs. Additionally, in 2015, the Board issued its \$47,060,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C (the “Series 2015C Bonds”) to refund a portion of the bonds issued to pay project costs.

The Series 2006B Bonds, the Series 2013A Bonds, the Series 2013B Bonds, the Series 2015C Bonds and the Series 2021 Bonds are collectively referred to herein as the “Project Bonds.” The Project Bonds that will remain outstanding after the issuance of the Series 2021 Bonds (the “Outstanding Project Bonds”), and the principal amounts thereof, are set out in the table below. See “**PLAN OF FINANCE – Refunded Bonds**” for more detail on the specific maturities of Project Bonds to be refunded.

<u>Project Bonds</u>	<u>Original Principal Amount</u>	<u>Amount Refunded by the Series 2021 Bonds</u>	<u>Amount Outstanding After Refunding (“Outstanding Project Bonds”)</u>
Series 2006B Bonds	\$14,030,000	\$14,030,000	\$-0-
Series 2013A Bonds	14,005,000	13,905,000	-0-
Series 2013B Bonds	10,835,000	10,835,000	-0-
Series 2015C Bonds	47,060,000	-0-	47,060,000
Series 2021 Bonds	*	n/a	*
Total		\$38,770,000	\$

The Series 2021 Bonds are being issued on parity with the Series 2015C Bonds with respect to the lien on the Pledged Revenues (defined herein) and the grant of security interest in the Trust Estate under the Indenture (defined below under the subheading “**The Series 2021 Bonds**”). The Indenture provides for the

* Preliminary, subject to change.

future issuance of Additional Parity Bonds (see the captions **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds,”** and **“– Project Bonds, Priority of Liens”**). The Series 2021 Bonds, the Series 2015C Bonds and any Additional Parity Bonds are collectively referred to herein as the “Bonds.”

Due to many factors, revenues received from the Crackerneck Creek Project have been materially short of the City’s original projections. The City believes that even with significant additional development, if any, it is highly unlikely that the Crackerneck Creek Project will be able to generate sufficient revenues to pay debt service on the Project Bonds. Consequently, even if significant additional development occurs, additional revenues sources will need to be allocated to the payment of debt service on the Project Bonds. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “THE CITY’S GENERAL FUND,”** and **“ANTICIPATED REVENUE SOURCES”** herein.

The Series 2021 Bonds

The Series 2021 Bonds are being issued pursuant to the Act and the Bond Trust Indenture dated as of October 1, 2015, between the Board and Commerce Bank, as trustee (the “Original Trustee”), as amended by a First Supplemental Bond Trust Indenture dated as of June 1, 2021 (together, the “Indenture”) between the Board and UMB Bank, N.A., Kansas City, Missouri, as successor in interest to the Original Trustee (the “Trustee”), for the purpose of providing funds to make a loan to the City pursuant to the Financing Agreement, in consideration of payments by the City, which are designed to be sufficient to pay the principal of and the interest on the Bonds (the “Loan Payments”), all as more fully described in the Financing Agreement and the Indenture. A description of the Series 2021 Bonds is contained in this Official Statement under **“THE SERIES 2021 BONDS.”** All references to the Series 2021 Bonds are qualified in their entirety by the definitive forms thereof and the provisions with respect thereto included in the Indenture and the Financing Agreement.

Security and Sources of Payment for the Bonds

The payment of debt service on the Series 2021 Bonds is on parity with the payment of debt service on the Series 2015C Bonds which will remain outstanding. The Bonds and the interest thereon are special, limited obligations of the Board, payable by the Board solely from (1) certain payments to be made by the City under the Financing Agreement, and (2) certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board. Except as described herein, all payments by the City under the Financing Agreement are subject to annual appropriation. See **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”** Loan Payments under the Financing Agreement are designed to be sufficient, together with other funds available for such purpose, to pay when due the principal of and interest on the Bonds. Pursuant to the Indenture, the Board will assign to the Trustee, for the benefit and security of the owners of the Bonds, substantially all rights of the Board in the Financing Agreement, including all Loan Payments payable thereunder.

The City’s obligations to pay the Loan Payments and Additional Payments under the Financing Agreement are limited, special obligations of the City payable from all general fund revenues of the City, subject to annual appropriation by the City, and from certain Pledged Revenues as provided in the Financing Agreement and the Authorizing Ordinance. The payment of certain of the Pledged Revenues to the City is further subject to appropriation by various governing bodies as described in this Official Statement. Also as described in this Official Statement, while not delineated as sources of revenues in the Financing Agreement or the Authorizing Ordinance, the City has identified certain other appropriation sources, including the Bass Pro Lease Payments, Dedicated Appropriation Sources and Non-Dedicated Appropriation Sources (each as defined herein and, collectively, the “Other Appropriation Sources”), which are not pledged to the repayment of the Bonds or any other Outstanding Project Bonds, but may serve as sources from which annual appropriations may be made by the City.

Accordingly, significant sources of revenues to make Loan Payments under the Financing Agreement, with the exception of certain limited Pledged Revenues, are subject to annual appropriation by the City Council of moneys from the City's General Fund and other special funds to the extent legally available (described as Other Appropriation Sources in this Official Statement). This includes certain sources of revenues generated by the Crackerneck Creek Project, which are not pledged to make Loan Payments, but which may be available for budget and appropriation. The City has covenanted in the Financing Agreement to annually request that the appropriation of the Loan Payments be included in the budget submitted to the City Council for each fiscal year, however, there can be no assurance that such appropriation will be made by the City Council, and the City is not legally obligated to do so. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Annual Appropriation Obligation of the City"** and **"BONDOWNERS' RISKS – Risk Factors Related to Annual Appropriations"** herein.

Revenues generated by the Crackerneck Creek Project are currently not sufficient to pay debt service on the Project Bonds. Pledged Revenues are currently not sufficient to make loan payments in amounts sufficient to pay debt service on the Bonds or the other Project Bonds. The Other Appropriation Sources are subject to legal limitations on, and competing claims for, their use. Prospective investors should not rely upon the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources (each as defined under the heading **"ANTICIPATED REVENUE SOURCES,"** herein) as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City Council will appropriate amounts needed to make Loan Payments from the City's General Fund and other legally available sources, including the Non-Dedicated Appropriation Sources (as defined under the heading **"ANTICIPATED REVENUE SOURCES,"** herein). See **"THE CITY'S GENERAL FUND,"** **"ANTICIPATED REVENUE SOURCES,"** and **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations."**

Certain of the revenues and payments with respect to the Project Bonds, including the Bonds, will terminate in 2026, 2027, 2036 and 2037. See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** and **"ANTICIPATED REVENUE SOURCES"** herein.

To date, the City has expended \$13,951,364 from its General Fund, \$1,682,643 from utility funds, and \$2,258,751 from sales tax funds to make loan payments in support of the payment of debt service on the Project Bonds. The timing and amounts of such application to loan payments is shown below:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$788,493
2016	1,479,373
2015	1,390,419
2014	1,732,384
2013	4,792,478
2012	4,142,859
2011	3,566,752

Source: The City.

For the reasons described herein support from the City's General Fund may be necessary until all of the Project Bonds are paid.

As discussed under the captions **"THE GENERAL FUND"** and **"BONDOWNERS' RISKS – Effects of COVID-19,"** the finances and operations of the City have been and will continue to be impacted by COVID-19. The City's 2020-2021 Operating Budget anticipates a decline of 21% for sales taxes received by the City in Fiscal Year 2021. However, so far in Fiscal Year 2021, the City has not seen the level of reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. The City Manager's proposed 2021-2022 Operating Budget estimates a

surplus of revenues over expenditures for the General Fund for Fiscal Year 2021 of \$600,710. See **“THE CITY’S GENERAL FUND – The City’s 2020-2021 Operating Budget,” “– Post-Budget Developments”** and **“– Proposed 2021-2022 Operating Budget”** for further discussion.

PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES (AS DEFINED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES”) AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES (AS DEFINED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES”). VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER ANTICIPATED REVENUE SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES.” THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.

The Bonds are not an indebtedness of City, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State. Neither the full faith and credit nor the taxing powers of the City, the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power. Payment of the principal and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any property of the City or any developer. The taxing power of the City is not pledged to the payment of the Loan Payments either as to principal or interest. The City’s obligation to make the Loan Payments shall not constitute a general obligation of the City, nor shall any such obligation constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “THE CITY’S GENERAL FUND,”** and **“ANTICIPATED REVENUE SOURCES”** herein.

Bondowners’ Risks

Payment of the principal of and interest on the Bonds is subject to certain risks (see **“BONDOWNERS’ RISKS”**) and the City’s ability to make Loan Payments under the Financing Agreement is further dependent upon the City’s ability and the City Council’s annual decision to appropriate and to continue to appropriate sufficient moneys from the City’s General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make annual Loan Payments under the Financing Agreement. Prospective investors should not rely upon the collection of Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds. The City Council has, and future City Council members will have, the right to exercise in its and their sole and absolute discretion, for any reason, not to budget and appropriate funds. The City Council’s decision to make appropriations could be affected by the availability and amount of Pledged Revenues and revenues from the Other Appropriation Sources relating to the Crackerneck Creek Project or otherwise. See **“BONDOWNERS’ RISKS”** for a discussion of this and other risks. See also, **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations – General Fund Capacity.”**

Additional Parity Bonds

The Series 2021 Bonds are issued on a parity with the Series 2015C Bonds with respect to the lien on the Pledged Revenues under the Financing Agreement. The Indenture provides for the future issuance of additional bonds (“Additional Parity Bonds”) which, if issued, will rank on a parity with the Bonds and any other bonds then outstanding under the Indenture issued on a parity with the Bonds as to the pledge of the Pledged Revenues. See the captions **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds,”** and **“– Project Bonds, Priority of Liens”** in this Official Statement, and **“SUMMARY OF THE INDENTURE – Authorization of Additional Bonds”** in **Appendix E** hereto. The Financing Agreement provides that the City may enter into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds.

Continuing Disclosure

The City will execute and deliver a Continuing Disclosure Undertaking for the benefit of the owners of the Series 2021 Bonds to provide certain annual financial information and notices of the occurrence of certain material events. A form of the Continuing Disclosure Undertaking is attached to this Official Statement in **Appendix J**. In order to promote future compliance with its continuing disclosure undertakings, the City has recently engaged Gilmore & Bell, P.C., to assist the City in meeting its continuing disclosure obligations and has recently adopted a new continuing disclosure compliance policy for the purpose of formalizing procedures to better ensure compliance with its continuing disclosure undertakings and designating a specific City staff member as having responsibility for continuing disclosure and ensuring that such staff member understands the City’s continuing disclosure obligations. See **“CONTINUING DISCLOSURE”** herein.

Definitions and Summaries of Legal Documents

Definitions of certain words and terms used in this Official Statement are set forth in **Appendix E** of this Official Statement. Summaries of the Indenture, the City’s Authorizing Ordinance and the Financing Agreement are included in this Official Statement in **Appendix E** hereto. Such definitions and summaries do not purport to be comprehensive or definitive. All references herein to the specified documents are qualified in their entirety by reference to the definitive forms of such documents, copies of which may be viewed at the principal corporate trust office of the Trustee, UMB Bank, N.A., Corporate Trust Department, 928 Grand Blvd, 12th Floor, Kansas City, MO 64106. Copies of such documents and the other documents described herein will be available at the offices of the Underwriter, Goldman Sachs & Co. LLC, 200 West Street, New York, NY 10282, during the period of the offering and, thereafter, at the corporate trust office of the Trustee.

THE BOARD

General

The issuer of the Series 2021 Bonds is the Missouri Development Finance Board (the “Board”), a body corporate and politic duly created and existing under the laws of the State, including particularly the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, as amended (the “Act”). The Series 2021 Bonds will be authorized and issued by the Board under the provisions of the statutes of the State, including the Act. Missouri law requires that the State shall not be liable in any event for the payment of the principal of or interest on any bonds of the Board or for the performance of any pledge, mortgage, obligation or agreement undertaken by the Board and no breach of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon the general credit or taxing power of the State.

Organization and Membership

The Board was established pursuant to the Act in 1982 and consists of twelve members, eight of which are appointed by the Governor, with the advice and consent of the Senate. The Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources serve as ex-officio, voting members of the Board. No more than five of the members may be of the same political party except for the Lieutenant Governor, the Director of the Department of Economic Development, the Director of the Department of Agriculture and the Director of the Department of Natural Resources. Appointed members serve terms of four years. Each member of the Board continues to serve until a successor has been duly appointed and qualified, unless such position becomes vacant under Missouri law.

Robert V. Miserez serves as Executive Director of the Board

As of the date hereof, the members of the Board and the terms of appointed members are as follows.

- **Marie J. Carmichael** – Chair, term as a member expires September 14, 2020. Ms. Carmichael is owner of Affordable Homes Development in Springfield, Missouri.
- **Matthew L. Dameron** – Secretary, term as a member expired September 14, 2019. Mr. Dameron is a partner with Williams Dirks Dameron LLC in Kansas City, Missouri.
- **John E. Mehner** – Treasurer, term as a member expired September 14, 2019. Mr. Mehner is President and CEO of the Cape Girardeau Area Chamber of Commerce in Cape Girardeau, Missouri.
- **Bradley G. Gregory** – term as a member expired September 14, 2019. Mr. Gregory is President and CEO of Bank of Bolivar in Bolivar, Missouri.
- **Cliff Holekamp** – term as a member expires September 14, 2020. Mr. Holekamp is Cofounder, Managing Director and General Partner of Cultivation Capital, a venture capital firm in St. Louis.
- **Dan E. Cranshaw** - term as a member expires September 14, 2022. Mr. Cranshaw is a shareholder at Polsinelli PC
- **John M. Parry** – term as a member expires September 14, 2024. Mr. Parry is chief executive officer of The Parry Group, a holding company for health care properties in Liberty, Missouri
- **Mike Kehoe** – ex-officio member. The Honorable Mike Kehoe is the Lieutenant Governor of the State of Missouri.
- **Robert B. Dixon** – ex-officio member. Mr. Dixon is the Director of the Department of Economic Development.
- **Chris Chinn** – ex-officio member. Ms. Chinn is the Director of the Department of Agriculture.

- **Carol S. Comer** – ex-officio member. Ms. Comer is the Director of the Department of Natural Resources.

Other Indebtedness of the Board

The Board has sold and delivered other bonds and notes secured by instruments separate and apart from, and not secured by, the Indenture securing the Bonds. The holders and owners of such bonds and notes have no claim on assets, funds or revenues of the Board pledged under the Indenture, and the owners of the Bonds will have no claim on assets, funds or revenues of the Board securing other bonds and notes. The Board has never defaulted on any of its bonds or notes.

With respect to additional indebtedness of the Board, the Board intends to enter into separate agreements for the purpose of providing financing for other eligible projects and programs. Except for Additional Bonds, issues that may be sold by the Board in the future will be created under separate and distinct indentures or resolutions and secured by instruments, properties and revenues separate from those securing the Bonds.

EXCEPT FOR INFORMATION CONCERNING THE BOARD IN THE SECTIONS OF THIS OFFICIAL STATEMENT CAPTIONED “**THE BOARD**” AND “**LITIGATION – The Board**,” NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE BOARD AND THE BOARD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE CITY

Incorporated in 1849, the City of Independence, Missouri (the “City”) is the county seat of Jackson County, Missouri and adjoins Kansas City, Missouri to the west. The City is the fifth largest city in Missouri. The City is organized under the laws of the State and operates under a Constitutional Charter approved by the voters in December 1961. The City is governed according to a Council-Manager Plan. The City Council, which consists of seven members, including the Mayor, is the legislative governing body of the City. Non-partisan elections are held every two years to provide for staggered terms of office. The Mayor and two at-large council members are elected to four-year terms and, in alternating elections, the four district council members are elected to four-year terms. See “**APPENDIX A: INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI**,” “**APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020**,” and “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET**.”

PLAN OF FINANCE

Refunded Bonds

To effect the refunding of the Refunded Bonds a portion of the proceeds of the Series 2021 Bonds together with other moneys (including the contribution from the Special Allocation Fund described below under the subheading “**Sources and Uses of Funds**”) will be deposited in an Escrow Fund created under an Escrow Trust Agreement (the “Escrow Agreement”) among the Board, the City and the Trustee, as Escrow Agent, and used to purchase certain securities and establish an initial cash balance. The moneys and securities deposited in the Escrow Fund will be sufficient to pay the applicable principal, redemption price and interest due on the Refunded Bonds through the date of their redemption or maturity, as applicable. The Escrow Agent will transfer sufficient moneys for the payment and redemption of the Refunded Bonds on the redemption dates thereof to the Trustee, as paying agent for the Refunded Bonds. Set forth below is a description of the Refunded Bonds:

Series 2006B Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/26	\$14,030,000	5.790%	\$14,030,000	60636CTS8	TBD ⁽¹⁾

Series 2013A Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/25	\$4,620,000	4.693%	\$4,620,000	60636SBP8	100%
3/1/27	4,085,000	4.893	4,085,000	60636SBM5	100%
3/1/28	5,200,000	4.993	5,200,000	60636SBN3	100%

Series 2013B Refunded Bonds

<u>Maturity Date</u>	<u>Principal Outstanding</u>	<u>Interest Rate</u>	<u>Principal Refunded</u>	<u>CUSIP Number</u>	<u>Redemption Price</u>
3/1/29	\$10,835,000	4.125%	\$10,835,000	60636SBQ6	100%

(1) The Series 2006B Bonds are subject to a make-whole redemption, the redemption price for which cannot be calculated until the third business day prior to the redemption date. An estimated redemption price will be used to size the Series 2021 Bonds with the expectation that the City will pay any shortfall between the estimated redemption price and the later calculated redemption price from amounts on deposit in the accounts of the Special Allocation Fund established for the Crackerneck Creek Redevelopment Area.

The refunding of the Refunded Bonds will reduce the current shortfall and expected shortfall between the collections of Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources and the debt service on the Project Bonds and therefore the amount that the City anticipates will be needed from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources) to pay debt service on the Outstanding Project Bonds in future fiscal years. While it is impossible to predict the amount of the shortfall in future fiscal years, the City anticipates that the payment of the Loan Payments with respect to debt service on the Bonds will be dependent on appropriations from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources).

Sources and Uses of Funds*

Sources of Funds:

Principal amount of the Series 2021 Bonds	\$
Reoffering Premium/(Discount)	
Prior Issue Reserve Funds	
Transfer from Special Allocation Fund to	
Series 2021 Debt Service Reserve Fund Account	
Transfer from Special Allocation Fund to Escrow Fund ⁽¹⁾	
Total Sources of Funds	\$

* Preliminary, subject to change.

Uses of Funds:

Costs of Issuance ⁽²⁾	\$
Deposit to Refunding Escrow ⁽¹⁾	
Deposit to Series 2021 Debt Service Reserve Fund Account	
Total Uses of Funds	\$

⁽¹⁾ The Series 2006B Refunded Bonds are subject to a make-whole redemption provision, a portion of the redemption price for which will be funded by a transfer from the City's Special Allocation Fund. The redemption price under the make-whole redemption provision will be calculated on the third business day prior to the issuance of the Series 2021 Bonds. At that time, the amount of the transfer from the Special Allocation Fund will be set at the amount necessary to redeem the Series 2006B Refunded Bonds, together with the other sources of funds allocated to such purpose.

⁽²⁾ Includes all anticipated costs of issuance, including Underwriter's Discount, rating agency fees, legal fees and trustee's fees.

The Crackerneck Creek Project

The City approved the Crackerneck Creek Tax Increment Financing Plan in 2004. This approval established a redevelopment area consisting of approximately 192 acres (the "Crackerneck Creek Redevelopment Area"), designated such area as blighted, and designated Crackerneck Creek, L.L.C. as the developer for all projects in the Crackerneck Creek Redevelopment Area (the "Developer"). The Crackerneck Creek Tax Increment Financing Plan anticipated the development and construction of a proposed 450,000 square foot commercial retail center. The Crackerneck Creek Project was originally projected to include (i) the Bass Pro Store described below, (ii) a minimum of 300,000 square feet of additional retail space and (iii) a hotel. As of March 1, 2021, the Crackerneck Creek Project included the Bass Pro Store, a hotel, approximately 94,732 square feet of retail and approximately 28,266 square feet of restaurant uses. Development of basic infrastructure for the Crackerneck Creek Project site was substantially completed in 2008. The total of improvements completed at the Crackerneck Creek Project include roads, water and sewer line relocation, utility installation, lake and dam construction, grading and fill and related hard and soft costs.

As part of the Crackerneck Creek Project, in 2004 the City entered into the Lease with Options (the "Bass Pro Lease") with Bass Pro Outdoor World L.L.C. ("Bass Pro"). Pursuant to the Bass Pro Lease, the City owns a 160,000 square foot Bass Pro retail building (the "Bass Pro Store") and leases the Bass Pro Store to Bass Pro under the terms and conditions contained in the Bass Pro Lease. Pursuant to the Bass Pro Lease the City made \$25,000,000 available to Bass Pro. This amount was funded from the proceeds of a series of Project Bonds that has since been refunded by subsequent series of Project Bonds. The proceeds of the Project Bonds were used to fund costs related to the development of the site and completion of the Crackerneck Creek Project. The Bass Pro Store is located on an approximate 20-acre parcel owned by the City, which is subject to the Bass Pro Lease. See **"THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER"** in **Appendix D** hereto.

The Bass Pro Store opened for business in March, 2008. A 55,000 square foot Hobby Lobby and a 25,000 square foot Mardels (a retailer selling Christian-oriented merchandise) opened in 2009. An 8,500 square foot Cheddar's Casual Café restaurant opened in 2011, a 6,200 square foot Pizza Ranch opened in 2014 and the Stony Creek Inn, a 167 room hotel with approximately 30,000 square feet of conference space, opened in 2015. An approximately 14,732 square foot Duluth Trading Company location opened in 2016 and an approximately 13,566 square foot Los Cabos Mexican restaurant opened in 2017. No other leases or other binding commitments for potential tenants for the Crackerneck Creek Project have been executed as of the date hereof. The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The City's Tax Increment Financing Commission has recommended approval of the amendment to City Council, but City Council has not yet determined whether it will approve the amendment. It is anticipated that a portion of any PILOTS (defined

below) generated by such new development would be distributed to the taxing districts. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area.

In 2007, the City notified the Developer of its decision to terminate its contractual relationship with the Developer as developer of record for the Crackerneck Creek Project based on the Developer's failure to take certain actions and failure to comply with certain requirements to meet a projected leasing schedule. In 2008, the City and the Developer entered into an Agreement for Stay of Termination to allow remedial efforts. The City and the Developer continue to negotiate for the better management of the Crackerneck Creek Project. See **"THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER"** in **Appendix D** hereto.

THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.

THE CITY'S GENERAL FUND

Introduction

The General Fund is the City's primary operating fund and accounts for the financial resources of the general governmental operations of the City, with the exception of those required to be accounted for in another fund. Based on the City's 2020-2021 Operating Budget approved by the City Council on June 22, 2020, 83% of the City's General Fund expenditures for Fiscal Year 2021 will consist of salary and benefits, 14% will consist of other operating expenses, and the remaining 3% will consist of equipment, debt service and contingency. During such period, the 2020-2021 Operating Budget anticipates that 43% of the City's General Fund expenditures will relate to the fire department, 29% will relate to the police department, 18% will relate to general government and municipal services, and the remaining 10% will relate to community development, municipal court and non-departmental expenses. See **"APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020,"** and **"APPENDIX C: THE CITY'S 2020-2021 OPERATING BUDGET."**

Audited Financial Information for Fiscal Year 2020

For Fiscal Year 2020, General Fund revenues totaled \$74,914,606 (including \$19,191,559 of payments in lieu of tax transferred to the General Fund from the City's utility funds), while expenditures totaled \$76,073,805. This resulted in a net change in fund balance of (\$1,159,199) and an ending fund balance for the General Fund at June 30, 2020 of \$6,121,563, down from \$7,280,762 at June 30, 2019. See **"Summary of General Fund Revenues, Expenditures and Changes in Fund Balances"** and **"General Fund Balance Sheet Summary,"** below, and **"APPENDIX B: COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE, MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020."** The ending unassigned General Fund balance (meaning funds that are spendable and are not contractually or legally restricted, committed by City Council or assigned to a specific purpose by management) at June 30, 2020 was \$5,301,516, reduced from \$6,591,442 at the end of Fiscal Year 2019.

But for the Bass Pro Lease Payments, none of the Pledged Revenues, Dedicated Appropriation Sources, or Non-Dedicated Appropriation Sources described in this Official Statement are reported to the General Fund.

[remainder of page intentionally left blank]

Summary of General Fund Revenues, Expenditures and Changes in Fund Balances

The following table sets forth a summary of the statement of revenues, expenditures, and changes in fund balances for the General Fund for Fiscal Years 2016 through 2020 based on the City's audited financial statements for such years:

	<u>Fiscal Year Ended June 30</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Taxes	\$34,310,898	\$34,365,768	\$35,210,279	\$34,475,439	\$33,455,975
Licenses and permits	3,588,466	5,330,354	4,598,143	4,733,488	5,012,961
Intergovernmental	5,303,538	5,349,727	5,349,156	5,246,676	5,106,634
Charges for services	2,075,958	2,305,140	2,431,168	2,454,494	2,538,096
Interfund charges for support services	4,913,709	4,943,014	5,099,696	5,035,500	5,035,500
Fines, forfeitures, and court costs	4,214,064	3,855,121	3,716,388	3,913,825	2,890,421
Investment income	108,463	82,327	99,270	430,482	447,157
Other	649,229	911,612	879,305	822,138	1,236,303
Total	\$55,164,325	\$57,143,063	\$57,383,405	\$57,112,042	\$55,723,047
Expenditures:					
Administrative services	\$7,556,113	\$7,802,582	\$8,029,276	\$10,401,559 ⁽²⁾	\$8,564,556
Public safety	44,745,696	44,963,466	46,702,810	54,253,432 ^{(1) (2)}	55,781,405
Public works / Municipal services	4,542,415	4,614,587	5,160,869	6,635,525	4,936,540
Health and Welfare	2,557,116	1,848,932	1,518,497 ⁽¹⁾	-	-
Culture and recreation	1,538,291	1,458,987	1,444,728	2,116,353 ^{(1) (2)}	1,798,035
Community development	2,985,685	4,082,292	4,438,261	5,083,553	4,797,872
General government	8,899,694	8,497,811	8,839,125 ⁽²⁾	341,595 ⁽²⁾	18,000 ⁽²⁾
Capital outlay	168,113	293,748	317,369	-	-
Debt service	140,221	121,522	159,795	160,457	165,670
Total	\$73,133,344	\$73,683,927	\$76,610,730	\$78,992,474	\$76,062,078
Excess (deficiency) of revenues over expenditures	\$(17,969,019)	\$(16,540,864)	\$(19,227,325)	\$(21,880,432)	\$(20,339,031)
Other sources:					
Utility payments in lieu of taxes	\$18,515,336	\$18,998,671	\$20,067,531	\$20,370,728	\$19,191,559
Transfers in	-	197,063	-	-	-
Transfers out	(550,152)	(10,000)	(337,637)	(10,358)	(11,727)
Total	\$17,965,184	\$19,185,734	\$19,729,894	\$20,360,370	\$19,179,832
Net change in fund balance	\$(3,835)	\$2,644,870	\$502,569	\$(1,520,062)	\$(1,159,199)
Fund balance, beginning	5,657,220	5,653,385	8,298,255	8,800,824	7,280,762
Fund balance, ending	\$5,653,385	\$8,298,255	\$8,800,824	\$7,280,762	\$6,121,563

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2016 through 2020.

⁽¹⁾ Starting with Fiscal Year 2019, Health and Welfare expenditures are no longer recognized as a separate General Fund expenditure category in the City's audited financial statements, with such expenses being shifted to the Public Safety and the Culture and Recreation expenditure categories.

⁽²⁾ Starting with Fiscal Year 2019, the City's audited financial statements shifted certain expenses, most notably health insurance costs, out of the General Government category and into the Administrative Services, Public Safety and Culture and Recreation categories to which such costs are allocable.

General Fund Balance Sheet Summary

The following table sets forth a summary of the General Fund balance sheet for Fiscal Years 2016 through 2020 based on the City's audited financial statements for such years:

	<u>Fiscal Year Ended June 30</u>				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assets:					
Pooled cash and investments	\$4,697,597	\$6,374,817	\$6,884,375	\$6,170,710	\$2,062,198 ⁽¹⁾
Receivables:					
Taxes	11,645,306	12,046,236	13,309,913	12,481,216	12,134,680
Accounts, net	233,767	173,542	114,244	296,452	138,707
Special assessment principal	465,296	642,387	640,514	548,352	672,580
Accrued interest	-	14,551	13,054	27,107	24,961
Due from other funds	897,212	1,139,658	1,318,880	2,217,188	4,347,984 ⁽¹⁾
Due from other governments	845,557	737,347	807,589	795,421	816,026
Prepaid Items	11,424	-	-	-	-
Restricted cash and investments	236,048	226,530	267,354	279,515	244,915
Total Assets	\$19,032,207	\$21,355,068	\$23,355,923	\$22,815,961	\$20,442,051
Liabilities:					
Accounts and contracts payable	\$252,953	\$447,299	\$520,846	\$706,828	\$271,804
Due to other funds	-	-	-	222,000	165,750
Due to other governments	-	-	-	-	155,367
Accrued items	3,697,824	2,808,738	3,041,222	4,598,439	3,296,793
Other current liabilities	664,138	591,919	889,679	711,132	889,705
Unearned revenue	-	117,882	-	-	-
Liabilities payable from restricted assets:					
Deposits and court bonds	236,048	226,530	267,354	279,516	244,915
Total Liabilities	\$4,850,963	\$4,192,368	\$4,719,101	\$6,517,915	\$5,024,334
Deferred Inflows of Resources:					
Unavailable - special assessments	\$465,296	\$642,387	\$640,514	\$550,711	\$677,914
Unavailable - real estate taxes	8,062,563	8,222,058	9,195,484	8,466,573	8,618,240
Total Deferred Inflows	\$8,527,859	\$8,864,445	\$9,835,998	\$9,017,284	\$9,296,154
Total liabilities and deferred inflows	\$13,378,822	\$13,056,813	\$14,555,099	\$15,535,199	\$14,320,488
Fund Balances:					
Nonspendable	\$11,424	-	-	-	-
Restricted	273,164	\$404,806	\$395,412	\$84,386	\$78,022
Committed	348,001	261,700	106,884	30,762	18,105
Assigned	1,336,086	1,648,808	1,268,521	574,172	723,920
Unassigned	3,684,710	5,982,941	7,030,007	6,591,442	5,301,516
Total	\$5,653,385	\$8,298,255	\$8,800,824	\$7,280,762	\$6,121,563
Total liabilities, deferred inflows of resources, and fund balance	\$19,032,207	\$21,355,068	\$23,355,923	\$22,815,961	\$20,442,051

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2016 through 2020.

⁽¹⁾ As a mechanism of balancing funds showing negative balances at fiscal year end, the City credited an additional \$2,130,796 of General Fund pooled cash and investments to other special funds of the City and recorded such amounts as "due from other funds" to the General Fund. The funds borrowing the largest amounts from the General Fund balance during Fiscal Year 2020 were the City's workers' compensation fund and enterprise resource planning fund.

The City's 2020-2021 Operating Budget

The following information describing the City's General Fund is contained in the City's 2020-2021 Operating Budget approved by the City Council on June 22, 2020. The 2020-2021 Operating Budget is attached hereto as **Appendix C**.

Total revenues for the General Fund in the 2020-2021 Operating Budget are \$74,437,013,⁽¹⁾ or a decrease of \$3,601,779 from the final 2019-2020 budget. Total expenditures for the General Fund in the 2020-2021 Operating Budget are \$74,437,013, or a decrease of \$3,279,754 from the final 2019-2020 budget.

The anticipated decrease in General Fund revenues is attributed to two primary factors in the 2020-2021 Operating Budget. First, starting with Fiscal Year 2021, revenues and expenditures of the City's health and recreation property tax, which were previously accounted for as part of the General Fund, will be separated from the General Fund and accounted for as part of the City's new Health and Recreation Property Tax Fund. This change shifts \$2,008,813 in budgeted revenues and \$1,899,830 in budgeted expenses from the General Fund to the Health and Recreation Property Tax Fund for Fiscal Year 2021. The 2020-2021 Operating Budget attributes the remaining anticipated decreases in General Fund revenues primarily to the effects of COVID-19 (discussed in more detail below under the heading "**BONDOWNERS' RISKS – Effects of COVID-19**"). The City's 2020-2021 Operating Budget anticipates a decline of 21% for sales taxes received by the City in Fiscal Year 2021.

The 2020-2021 Operating Budget includes a series of reductions aimed at reducing budgetary pressures that it attributes primarily to the anticipated effects of COVID-19. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto for discussion of the City's response to General Fund budgetary pressures anticipated for Fiscal Year 2021.

According to the 2020-2021 Operating Budget, revenue assumptions were developed based on the assumption that economic activity would resume to levels similar to those prior to the COVID-19 pandemic by fall of 2020. The 2020-2021 Operating Budget anticipates an ending fund balance for the General Fund at June 30, 2021 of \$5,384,018 (a reduction of \$138,607 from the ending fund balance for the General Fund at June 30, 2020 estimated by the 2020-2021 Operating Budget, or a reduction of \$82,502 from the actual ending fund balance for the General Fund at June 30, 2020 shown in the City's Comprehensive Annual Financial Reports for Fiscal Year 2020) based on its COVID-19 recovery timeline assumptions. The 2020-2021 Operating Budget identifies \$1,509,018 of such anticipated ending fund balance as contingency in case the COVID-19 recovery timeline is longer than anticipated. Additionally, the 2020-2021 Operating Budget anticipated that the City would draw \$2,000,000 on the Interfund Loan during Fiscal Year 2020 (defined below under the subheading "**The Interfund Loan**"), which did not occur (see "**Post-Budget Developments**," below). Based on the treatment of \$1,509,018 of anticipated ending General Fund balance as contingency and the assumption that \$2,000,000 would be drawn on the Interfund Loan by the end of Fiscal Year 2020, the 2020-2021 Operating Budget projects an ending unassigned General Fund balance (meaning funds that are spendable and are not contractually or legally restricted, committed by City Council or assigned to a specific purpose by management) at June 30, 2021 of \$1,875,000. See "**Post-Budget Developments**," below, for a description of certain developments that have occurred since the adoption of the 2020-2021 Operating Budget.

⁽¹⁾ On page 13 of the 2020-2021 Operating Budget is attached hereto as **Appendix C**, the City Manager's discussion refers to anticipated 2020-2021 revenues and matching expenses of \$72,822,481. However, in the detailed schedules of revenues and expenses on pages 167 and 170 of the 2020-2021 Operating Budget, the revenues and expenditures shown for 2020-2021 are \$74,437,013. This is due to a transit grant received by the City after submission of the proposed budget to the City Council, to be used for operation of City bus lines, which had been slated for reductions in the proposed budget. The approved 2020-2021 Operating Budget schedules of revenues and expenses were adjusted to account for this, but the City Manager's discussion was not.

General Fund Budgets and Results

The following table sets forth a summary of the City's budgeted and actual General Fund revenues and expenses for Fiscal Years 2019 and 2020 and the budgeted amounts for Fiscal Year 2021:

	<u>Fiscal Year Ended June 30</u>				
	<u>2019 Budget</u>	<u>2019 Results</u>	<u>2020 Budget</u>	<u>2020 Results</u>	<u>2021 Budget</u>
Revenues:					
Taxes	\$34,715,000	\$34,475,439	\$35,592,370	\$33,455,975	\$31,453,100
Licenses and permits	4,817,260	4,733,488	4,725,150	5,012,961	4,392,069
Grants / Intergovernmental	5,366,228	5,246,676	5,405,207	5,106,634	5,262,150
Charges for current services	2,501,331	2,454,494	3,092,576	2,538,096	2,058,050
Interfund charges for support services	5,155,242	5,035,500	5,155,242	5,035,500	5,035,500
Fines, forfeitures, and court costs	3,897,525	3,913,825	3,727,250	2,890,421	3,771,000
Other	602,500	1,252,620	726,997	1,683,460	2,668,532
Total	\$57,055,086	\$57,112,042	\$58,424,792	\$55,723,047	\$54,640,401
Expenditures:					
City Council	\$830,811	\$829,501	\$662,334	\$598,581	\$835,793
City Clerk	302,250	217,389	391,811	583,714	-(1)
City Manager	1,511,092	1,221,917	1,262,336	1,262,823	1,187,339
Municipal Court	1,165,716	1,149,997	1,185,946	1,165,674	1,207,254
Law	889,339	944,393	629,624	746,606	-(1)
Finance	6,111,762	6,266,952	5,037,696	4,445,067	5,939,906(1)
Community Development	5,351,414	5,090,584	5,253,431	4,866,759	5,637,543
Police	32,096,729	32,358,354	33,941,440	32,944,628	31,553,037
Fire	21,171,546	21,964,071	21,556,496	22,789,676	21,181,684
Animal Services	-	-	-	8,591	-
Public Works / Municipal Services	5,947,353	6,244,951	5,817,757	5,015,437	4,775,106
Parks and Recreation	2,387,289	2,134,661	1,967,896	1,780,671	-
Capital Outlay	297,663	297,662			-
Debt Service	-	-	-	5,876	-
Non-Departmental (1)	-	-	-	-	2,109,351
Total	\$78,062,964	\$78,720,432	\$77,706,767	\$76,214,103	\$74,427,013
Excess (deficiency) of Revenues over (under) Expenditures	\$(21,007,878)	\$(21,608,390)	\$(19,281,975)	\$(20,491,056)	\$(19,786,612)
Transfers:					
Transfers in	\$19,750,000	\$20,370,728	\$19,614,000	\$19,191,559	\$19,796,612
Transfers out	(10,000)	(11,727)	(10,000)	(11,727)	\$(10,000)
Total transfers:	\$19,740,000	\$20,359,001	\$19,604,000	\$19,179,832	\$19,786,612
Excess (deficiency) of Total Financing Sources over (under) Uses	\$(1,267,878)	\$(1,249,389)	\$322,025	\$(1,311,224)	\$-0-

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2019 through 2020, City's 2020-2021 Operating Budget.

(1) The 2020-2021 Operating Budget groups items of expense into different categories than the budgetary comparison schedules provided by the City's Comprehensive Annual Financial Reports for Fiscal Years 2019 through 2020.

The Interfund Loan

On April 6, 2020, the City Council of the City has authorized a series of loans for the benefit of the General Fund (referred to collectively as the “Interfund Loan”), in response to tax collection shortfalls then anticipated by the City in connection with COVID-19, from the City’s cash and investment pool (the “Investment Pool”). The Investment Pool is a device used with respect to most of the City’s governmental and proprietary funds, where moneys from such funds are aggregated for investment purposes. Each fund’s portion of the Investment Pool is accounted for as “pooled cash and investments” in the City’s financial statements. Interest earned on the investments is allocated to each fund on the basis of average monthly cash balance in the Investment Pool. Examples of amounts in the Investment Pool include utility funds reserved for future capital project expenses and amounts set aside for sales tax fund reserves.

The City Council authorized the Interfund Loan as authorization for the City Manager to execute a series of loans from the Investment Pool for the benefit of the General Fund with an aggregate principal amount of such loans not to exceed \$25,000,000. The approving ordinance stated that each loan would bear interest at the rate equal to the midpoint between the Treasury yield and the Bloomberg Muni Benchmark yield, plus 50 basis points.

Due to better than expected revenues at the end of Fiscal Year 2020 and during the first half of Fiscal Year 2021, on September 21, 2020, the City Council reduced the maximum amount of the Interfund Loan to \$12,500,000 and, on February 2, 2021, the City Council terminated the authority for the Interfund Loan. No draws were made on the Interfund Loan.

Post-Budget Developments

The 2020-2021 Operating Budget anticipated that the City would draw down \$2,000,000 of the Interfund Loan by the end of Fiscal Year 2020. However, the City experienced less revenue loss during Fiscal Year 2020 than anticipated by the 2020-2021 Operating Budget (see **“THE CITY’S GENERAL FUND – Audited Financial Information for Fiscal Year 2020,”** above), with the result being that the City’s draws on the Interfund Loan as of June 30, 2020 totaled \$0-. The City terminated the Interfund Loan on February 2, 2021 without having drawn any of the available funds.

So far in Fiscal Year 2021, the City has not seen the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget. In fact, first half collections of sales tax exceeded first half collections in Fiscal Year 2020. Additionally, use tax collections in the first half of Fiscal Year 2021 exceeded the assumptions of the 2020-2021 Operating Budget. Proceeds of the City’s use tax must be applied for the following purposes (1) the first \$750,000 to operating a no-kill animal shelter and (2) next, an amount sufficient to fund up to 30 additional police officers for the City to that purpose, after which the proceeds are deposited into the City special sales tax accounts based on the levy rate of each such tax, a portion of which would be allocated to the General Fund. The City anticipates that the General Fund will begin to receive use tax proceeds in Fiscal Year 2021. See **“BONDOWNERS’ RISKS – Risk Factors Relating to Revenues Generated by Retail Sales Tax – Online Sales”** for further discussion of the City’s use tax. The above-estimated collections of sales and use tax, however, were partially offset by reduced collections of franchise fees imposed on non-City utility companies. Private utilities (gas, water, electric, and telephone services) sold to locations within the City are subject to franchise fees imposed at a rate of 9.08% and cable services at a rate of 6.0%. Telephone franchise fees have been reduced as cellular phone provider competition has risen, causing rate reductions, and landline use has become less popular. Streaming services (which are not taxed) are becoming more popular. Other utility franchise fees (gas, water, electric) are significantly affected by average weather conditions throughout the year.

Jackson County, in which the City is located, received \$122,669,998 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on

necessary expenditures incurred due to the COVID-19 public health emergency. Jackson County established a volunteer advisory group to make recommendations to the County Executive as to expenditures of the money in accordance with CARES Act requirements. The City received \$6,953,474 in distributions of such funds from Jackson County, which helped to offset an anticipated \$10,399,556 in CARES grant reimbursable expenditures incurred between March 2020 and December 2020 for COVID-19 response-related expenses. The revenues were coded as revenues to the City after June 30, 2020. The City anticipates receiving additional public assistance for COVID-19 expenditures for the same period through grants from the Federal Emergency Management Agency.

The American Rescue Plan Act of 2021 (the “American Rescue Plan”) became law in March of 2021. Among other things, the American Rescue Plan provides funding for local governments to respond to the public health emergency associated with COVID-19, to provide premium pay to essential workers, to provide government services affected by a revenue reduction during the COVID-19 pandemic and to make investments in water, sewer, and broadband infrastructure. Funds can be used to cover costs incurred through the end of 2024. The City anticipates receipt of \$20,295,216 under the American Rescue Plan. The City Council has not yet determined how it will allocate such funds.

The City Manager’s proposed 2021-2022 Operating Budget estimates a surplus of revenues over expenditures for the General Fund for Fiscal Year 2021 of \$600,710.

Proposed 2021-2022 Operating Budget

On May 10, 2021, the City Manager presented the City Manager’s proposed 2021-2022 Operating Budget (the “Proposed 2021-2022 Operating Budget”) for discussion by City Council. City Council is required by the City’s charter to adopt a budget on or before June 27th of each year. The Proposed 2021-2022 Operating Budget presents a balanced budget for the General Fund, with General Fund revenues of \$78,362,743 and an equal amount of expenses, resulting in no anticipated change to the ending unrestricted General Fund balance from estimated balance at the end of Fiscal Year 2021. The General Fund expenses represent an increase of 5.3% over the 2020-2021 Operating Budget, a difference attributed primarily by the City Manager’s transmittal letter that accompanied the Proposed 2021-2022 Operating Budget (the “City Manager’s Budget Letter”) to increases in salary and benefit costs of City employees. The City Manager’s Budget Letter explains that the increased General Fund expenditures will be covered by amounts made available to the City under the American Rescue Plan. The City Manager’s Budget Letter cautions City Council that American Rescue Plan funds will not be available in future years.

As a part of the City Manager’s Budget Letter, the City Manager included a projection of the City’s ending unrestricted General Fund balances for Fiscal Year 2021 through Fiscal Year 2026. This projection was included as a long-term planning tool and not for the purpose of adoption as part of the Proposed 2021-2022 Operating Budget. The projection shows an unrestricted General Fund balance that starts at \$5,812,237 for Fiscal Year 2021, remains at that level for Fiscal Year 2022, and then declines over the next four fiscal years, going negative in Fiscal Year 2024 and ultimately reaching a negative \$19,984,512 balance at the end of Fiscal Year 2026. The City Manager’s Budget Letter describes measures that will need to be considered during Fiscal Year 2022 to align revenues with expenditures before the projected decline can begin, including restructuring of employee health benefits, vested leave payouts and other employee benefit programs; implementation of workforce reductions; evaluation of demand for City services in order to match deployment to demand, attraction of additional industry and evaluating ballot initiatives to increase revenue sources.

The City’s charter provides that the total of proposed expenditures in any adopted budget for a particular fund may not exceed the total anticipated resources for the fund. This means that expenditures cannot exceed current revenues, fund balances on hand from prior years, legally allowable transfers from other funds, and loan proceeds. As such, the City Council would not be able to approve budgets in future years in line with the projections for unrestricted General Fund balances shown in the City Manager’s Budget Letter,

but, as the City Manager’s Budget Letter suggests, will need to explore options to increase revenues and/or reduce expenses in future fiscal years.

The City has been successful in strategically reducing General Fund expenses when faced with insufficient revenues. In the 2020-2021 Operating Budget, when the City anticipated significant sales tax revenue reductions for the end of the Fiscal Year 2020 and for Fiscal Year 2021, the City was able to identify \$4,295,254 in expenditure reductions consisting of elimination of vacant and filled employee positions, wage freezes, program budget reductions, cost allocation changes and transit service reductions. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto for discussion of the City’s response to General Fund budgetary pressures that were anticipated for Fiscal Year 2021.

In the City Manager’s presentation to City Council of the Proposed 2021-2022 Operating Budget on May 10, 2021, he stated that the budget employed a conservative approach in which all City positions are fully funded. The City currently has approximately 30 employment positions which are not filled. City staff evaluates employment positions on an individual basis, with consideration given to whether revenues are sufficient to support the position at the time of hiring. Approval of the Proposed 2021-2022 Operating Budget by the City Council does not mean that the vacant positions will automatically be filled, but rather the City has the ability to continue to manage the number of filled employment positions as a means to control expenditures.

ANTICIPATED REVENUE SOURCES

Except with respect to the Pledged Revenues (defined below), the City’s obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City’s General Fund and other legally available funds, as described herein. The following table describes the Pledged Revenues and the other revenues anticipated by the City as sources of annual appropriations to make Loan Payments relating to the Bonds and other Project Bonds. Each “Revenue Source” identified in the table below is defined and discussed in the text following the table.

The Pledged Revenues, EATS and Bass Pro Lease Payments have been materially short of the amount needed to fund debt service payments on the Project Bonds, and are expected to continue to be materially short of the amount needed to fund debt service payments on the Outstanding Project Bonds after the issuance of the Series 2021 Bonds. Prospective investors should not rely upon the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City will appropriate amounts needed to make Loan Payments under the Financing Agreement relating to the Bonds from the City’s General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). See **“THE CITY’S GENERAL FUND”** and **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”** See also **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Additional Parity Bonds”** and **“BONDOWNERS’ RISKS - Ability to Issue Future Series of Project Bonds.”**

The largest generator of PILOTS, EATS, State TIF Revenues and TDD Revenues in the Crackerneck Creek Project described in the table below is the Bass Pro Store. The initial term of the Bass Pro Lease runs through the year 2026. See **“BONDOWNERS’ RISKS – Risk Factors Relating to Revenues Generated by the Crackerneck Creek Project – Factors Impacting Bass Pro Retail Sales.”**

[remainder of page intentionally left blank]

		<i>Revenue Source</i>	<i>Description of Availability</i>	<i>City Fund Holding Revenues</i>	<i>Limitations on Use</i>	<i>Termination / Sunset</i>
GENERAL FUND REVENUES		General Fund Revenues	Source of annual appropriations by City	General Fund	Any lawful municipal purpose, which may include debt service on the Project Bonds	No sunset
PLEDGED REVENUES		PILOTS (Payments in Lieu of Taxes)	Pledged to the Project Bonds	Special Allocation Fund	Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2026
		State TIF Revenues	Pledged to the Project Bonds once received by the City (payment to the City is subject to annual appropriation by the State)	Special Allocation Fund	Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2026
		TDD Revenues (Crackerneck TDD)	Pledged to the Project Bonds once received by the City (payment to the City is subject to annual appropriation by the Crackerneck TDD)	Special Allocation Fund	Transportation-related Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2036
OTHER APPROPRIATION SOURCES	Bass Pro Lease Payments	Bass Pro Lease Payments	Source of annual appropriation by City	General Fund	Any lawful municipal purpose, which may include debt service on the Project Bonds	See <i>Appendix D</i>
	Dedicated Appropriation Sources	EATS (Economic Activity Taxes)	Source of annual appropriations by City	Special Allocation Fund	Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2027
		I-70 / Little Blue Parkway Revenues	Source of annual appropriations by City	Special Allocation Fund	Costs of I-70 / Little Blue Parkway Plan, which currently consist of Crackerneck Creek Project redevelopment costs, including debt service on the Project Bonds	2037
	Non-Dedicated Appropriation Sources	Street Improvement Sales Tax Fund Revenues	Source of annual appropriations by City *	Street Improvement Sales Tax Fund	Street costs, which may include debt service on the Project Bonds to the extent allocable to street costs	No sunset
		Park Improvement Sales Tax Fund Revenues	Source of annual appropriations by City *	Park Improvement Sales Tax Fund	Parks costs, which may include debt service on the Project Bonds to the extent allocable to parks costs	No sunset
		Storm Water Sales Tax Fund Revenues	Source of annual appropriations by City *	Storm Water Sales Tax Fund	Stormwater costs, which may include debt service on the Project Bonds to the extent allocable to stormwater costs	No sunset
		Health and Recreation Property Tax Fund Revenues	Source of annual appropriations by City *	Health and Recreation Property Tax Fund	Health and recreation costs, which may include debt service on the Project Bonds to the extent allocable to health and recreation costs	No sunset

* These revenues will become available upon expiration of tax increment financing redevelopment areas within the City. See “**Non-Dedicated Appropriation Sources**” below.

The City's ability to make Loan Payments under the Financing Agreement as and when due is dependent upon the City Council's annual decision to appropriate and to continue to appropriate sufficient moneys from the City's General Fund and other legally available funds to make such Loan Payments under the Financing Agreement. Prospective investors should not rely upon the collection of the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds. The City Council has, and future City Council members will have, the right to exercise in its and their sole and absolute discretion, for any reason, not to budget and appropriate funds. The City Council's decision to make appropriations could be affected by the availability and amount of Pledged Revenues and revenues from the Other Appropriation Sources relating to the Crackerneck Creek Project or otherwise. See **"BONDOWNERS' RISKS"** for a discussion of this and other risks. See also, **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations."**

Certain of the revenues and payments with respect to the Project Bonds, including the Series 2021 Bonds, will terminate in 2026, 2027, 2036 and 2037, as described herein. The Bass Pro Lease provides that Bass Pro would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20-year initial term (the "Operating Covenant Period") of the Bass Pro Lease, subject thereafter to Bass Pro's option to renew the Bass Pro Lease for nine one-year periods, and after that three five-year periods. Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period runs through the year 2026.

General Fund Revenues

Payment of the principal of and interest on the Bonds is dependent upon annual decisions by the City Council to appropriate and to continue to appropriate sufficient moneys from the City's General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make Loan Payments under the Financing Agreement. Prospective investors should not rely upon the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources as sufficient sources of repayment of the Bonds, but should evaluate the likelihood that the City will appropriate amounts needed to make Loan Payments under the Financing Agreement relating to the Bonds from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). See **"THE CITY'S GENERAL FUND"** and **"BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations – General Fund Capacity."**

See **"THE CITY'S GENERAL FUND – Audited Financial Information for Fiscal Year 2020,"** **"– The City's 2020-2021 Operating Budget,"** **"– Post-Budget Developments"** and **"– Proposed 2021-2022 Operating Budget"** for a discussion of General Fund revenues, expenses and ending fund balances for Fiscal Year 2020 and budgeted amounts for Fiscal Year 2021 based on the City's 2020-2021 Operating Budget and subsequent developments.

Pledged Revenues

The following revenues (the "Pledged Revenues") are pledged to the payment of the Loan Payments with respect to debt service on the Bonds as described below. The moneys and securities held in, and moneys and securities to be deposited in, the Special Allocation Fund relating to the Crackerneck Creek Project are pledged to the payment of the Crackerneck Loans; provided, however Economic Activity Taxes deposited therein shall remain subject to annual appropriation as described therein, and are not so pledged. The payment of the State TIF Revenues (defined below) and the TDD Revenues (defined below) to the City is subject to annual appropriation by the State and the Crackerneck TDD (defined below), respectively, but the pledge of such revenues received by the City to the Bonds is not subject to annual appropriation by the City.

PILOTS

The Crackerneck Creek Project generates property tax increment (referred to as “Payments in Lieu of Taxes” or “PILOTS”) based on the increase in value of the real property comprising the Crackerneck Creek Project over the value of such real property prior to the adoption of tax increment financing for the Crackerneck Creek Project. See “**APPENDIX G – TAX INCREMENT FINANCING IN MISSOURI**” for an explanation of how PILOTS are calculated and collected. During Fiscal Years 2019 and 2020, the City received \$523,925 and \$587,673, respectively, in PILOTS with respect to the Crackerneck Creek Project. The collection of PILOTS will terminate in 2026. The County Assessor’s office of Jackson County undertook a significant reassessment of property throughout Jackson County in 2019, resulting in increased property taxes and PILOTS for many properties throughout Jackson County, including the Crackerneck Creek Project, for Fiscal Year 2020. Property owners have the right to appeal such determinations and the property owners within the Crackerneck Creek Redevelopment Area have in the past appealed the reassessment of property in the Crackerneck Creek Redevelopment Area. In 2007 and 2008 the Developer protested the assessed value assigned by Jackson County, Missouri, to certain property in the Crackerneck Creek Redevelopment Area. Loan Payments and Additional Payments to be made pursuant to the Financing Agreement shall be payable from and secured by a pledge of the PILOTS deposited in the PILOTS Account of the Special Allocation Fund relating to the Crackerneck Creek Project.

State TIF Revenues

In November, 2005, the State granted the Crackerneck Creek Project State TIF assistance. Under this program, subject to annual caps, the State, subject to annual appropriation by the General Assembly, pays to the City the lesser of the annual cap amount or 50% of the 3% general revenue portion of the State sales tax on “net new sales” generated by the Crackerneck Creek Project. For the purpose of the State TIF approval, “net new sales” equals 40% of retail sales in the Crackerneck Creek Project. Because of the lower than projected retail sales in the Crackerneck Creek Project, the annual amounts received by the City pursuant to State TIF (“State TIF Revenues”) have been materially below the annual cap amounts. During Fiscal Years 2019 and 2020, the City received \$278,360 and \$243,743, respectively, in State TIF Revenues with respect to the Crackerneck Creek Project. The collection of State TIF Revenues will terminate in 2026.

TDD Revenues

On July 26, 2006, the Crackerneck Creek Transportation Development District (the “Crackerneck TDD”) was formed by order of the Jackson County Circuit Court. The Crackerneck TDD was formed to fund a portion of the transportation improvements associated with the Crackerneck Creek Project. The boundaries of the Crackerneck TDD encompass all retail areas in the Crackerneck Creek Project, as well as a portion of the City park area within the Crackerneck Creek Redevelopment Area that is located to the west of the retail area. The Crackerneck TDD has authorized a one-cent sales tax on retail sales (the “TDD Sales Tax”) to fund transportation improvements. An amount equal to 7/8th of the TDD Sales Tax revenues are pledged by the City, after appropriation by the Crackerneck TDD and payment to the City, to secure the Loan Payments with respect to the Project Bonds. Originally, the remaining 1/8th of the TDD Sales Tax revenues was to be used by the City to fund a transportation service serving the Crackerneck Creek Project. To date, that service has not been established and the 1/8th cent has been used to pay principal and interest on the Project Bonds. During each of the Fiscal Years 2019 and 2020, the City received \$215,000 in TDD Revenues with respect to the Crackerneck Creek Project. The collection of TDD Revenues will terminate in 2036.

Bass Pro Lease Payments

The Bass Pro Lease Payments are generated by the Crackerneck Creek Project, but are not pledged to the payment of the Loan Payments with respect to debt service on the Bonds. Such revenues are available for any lawful purpose of the City, including appropriation to the payment of the Loan Payments with respect to debt service on the Bonds.

The City owns the 160,000 square foot building housing the Bass Pro Store and leases the building to Bass Pro under the terms and conditions contained in the Bass Pro Lease. See **“PLAN OF FINANCE – The Crackerneck Creek Project,”** above, and **“THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER”** in **Appendix D** hereto. The initial term of the Bass Pro Lease ends December 31, 2026, at which point Bass Pro has the option to renew the Lease for nine one-year periods, and after that three five-year periods. During the initial term, Bass Pro is required to pay the City rent equal to 2% of “Gross Sales,” except for sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which Bass Pro is obligated to pay 1% with a maximum of \$250 per such boat or vehicle sold. In addition, Bass Pro is obligated to pay “Minimum Percentage Rent” of \$1,000,000 during each year of the initial term. Historically Bass Pro has never exceeded the \$1,000,000 Minimum Percentage Rent. During any of the nine one-year renewal options starting with calendar year 2027, Bass Pro will pay rent equal to \$10 per year. However, during the time that certain Project Bonds are Outstanding or until the expiration of the third one-year renewal option (if exercised by Bass Pro), whichever occurs first, Bass Pro shall be obligated to pay \$1,000,000 per year. During any of the three five-year renewal options, Bass Pro will pay rent equal to 1% of Gross Sales in excess of \$30,000,000, except for Gross Sales respecting sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which shall be 0.5% of such Gross Sales. The rental payments made by Bass Pro to the City under the Bass Pro Lease are referred to herein as the “Bass Pro Lease Payments.”

Neither the Loan Payments nor the Bonds will have any lien on the Bass Pro Store or the Bass Pro Lease Payments. The Bass Pro Lease Payments will be available for deposit in the City’s General Fund, from which appropriations can be made for the payment of the Loan Payments with respect to debt service on the Bonds. Pursuant to the Financing Agreement, the Bass Pro Lease Payments shall not be applied to pay debt service on the Series 2015C Bonds.

Dedicated Appropriation Sources

The application of revenues from the following sources (the “Dedicated Appropriation Sources”) to debt service on the Bonds or any Project Bonds is subject to annual appropriation by the City. Such revenues have been established for and can be applied only to limited purposes, however, that include debt service on the Project Bonds, as further described below.

EATS

The Crackerneck Creek Project generates tax increment (referred to as “Economic Activity Taxes” or “EATS”) consisting of 50% of the increase in tax revenues generated by economic activities within the Crackerneck Creek Project (including most sales and utilities taxes, but excluding certain taxes specified by statute) over the amount of such taxes generated by economic activities within the Crackerneck Creek Project in the calendar year prior to the adoption of tax increment financing for the Crackerneck Creek Project. See **“APPENDIX G – TAX INCREMENT FINANCING IN MISSOURI”** for an explanation of how EATS are calculated and collected. During Fiscal Years 2019 and 2020, the City received \$895,373 and \$858,750, respectively, in EATS with respect to the Crackerneck Creek Project. The collection of EATS will terminate in 2027. As provided in the Financing Agreement, as additional security for the City’s obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreement, such payments shall be payable from, and secured as to the payment of principal and interest by annual appropriation by the City Council as provided therein, the Economic Activity Tax Revenues deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to the Crackerneck Creek Project.

Although the application of EATS to debt service on the Project Bonds is subject to annual appropriation by the City, the EATS may only be applied to redevelopment project costs associated with the Crackerneck Creek Project, which costs include debt service on the Project Bonds. The City has informed the Developer that it does not intend to pay additional redevelopment project costs incurred by the Developer relating to the Crackerneck Creek Project, because there are insufficient PILOTS, EATS, State TIF Revenues

and TDD Revenues to pay debt service on the existing Project Bonds, leaving no revenues available for repayment of redevelopment project costs pursuant to the agreements between the City and the Developer.

I-70 / Little Blue Parkway Revenues

On December 17, 2012, the City Council approved the I-70 and Little Blue Parkway Tax Increment Financing Plan (the “I-70 / Little Blue Parkway Plan”) for a redevelopment area with boundaries partially overlapping the Crackerneck Creek Redevelopment Area (the Crackerneck Creek Redevelopment Area constitutes project area #4 under the I-70 / Little Blue Parkway Plan). The I-70 / Little Blue Parkway Plan is comprised of four redevelopment project areas, but tax increment financing revenues are collected within only two of such project areas. The revenues from payments in lieu of taxes and economic activity taxes generated by project area #1 and project area #3 under the I-70 / Little Blue Parkway Plan (the “I-70 / Little Blue Parkway Revenues”) are available for the City as a source of appropriations to the Outstanding Project Bonds; provided that, fifty percent of the payments in lieu of taxes collected under the I-70 / Little Blue Parkway Plan are declared as surplus and distributed to the taxing jurisdictions, and further provided that the economic activity taxes generated by the sales tax imposed by the Independence Events Center Community Improvement are returned to such district. Project area #1 of the I-70 / Little Blue Parkway Plan contains a Menards home improvement store, a QuikTrip convenience store and four out-lot restaurants. Project area #3 of the I-70 / Little Blue Parkway Plan contains a car wash, an Old Chicago pizza restaurant, a Slim Chickens restaurant and Main Event, a family fun and entertainment venue.

Although the application of I-70 / Little Blue Parkway Revenues to debt service on the Project Bonds is subject to annual appropriation by the City, the I-70 / Little Blue Parkway Revenues may only be applied to redevelopment project costs associated with the I-70 / Little Blue Parkway Plan, which costs include debt service on the Project Bonds. The City has reimbursed all outstanding redevelopment project costs owed to developers under the I-70 / Little Blue Parkway Plan, with the result that the purpose that remains under the I-70 / Little Blue Parkway Plan for the application of I-70 / Little Blue Parkway Revenues is the payment of debt service on the Project Bonds.

During Fiscal Years 2019 and 2020, the City received \$-0- and \$5,058,000, respectively, in I-70 / Little Blue Parkway Revenues (\$1,667,000 of which was attributable to collections during Fiscal Year 2020 and the remainder of which was collected in prior years; the City anticipates that future annual transfers will be in the range of \$1.8 Million). The collection of revenues under the I-70 / Little Blue Parkway Plan terminates for project area #1 on September 1, 2037 and for project area #3 on December 16, 2035. The County Assessor’s office of Jackson County undertook a significant reassessment of property throughout Jackson County in 2019, resulting in increased property taxes and PILOTS for many properties throughout Jackson County, including the I-70 / Little Blue Parkway Plan area, for Fiscal Year 2020.

Non-Dedicated Appropriation Sources

The following sources are revenues deposited in special tax funds maintained by the City for the collection and administration of certain property or sales taxes, as designated. Amounts in these funds may be appropriated by the City only for the specific purposes for which the funds are maintained, which includes appropriation to the payment of debt service on Project Bonds to the extent that the Project Bonds financed or refinanced projects eligible for payment from such special tax funds (the “Purpose Limitations”).

While amounts on deposit in the special tax funds described below may legally be available for appropriation to pay the portion of the debt service on the Outstanding Project Bonds that does not exceed the Purpose Limitations, the City intends to further limit such application of amounts in the special tax funds to new revenues made available to such special tax funds thorough the expiration of tax increment financing redevelopment areas within the City. The City has a total of 14 active tax increment financing redevelopment areas with termination dates spanning from 2021 to 2039. As each redevelopment area terminates, tax revenues that were previously captured for application to specific projects

or bonds will become available to the City and the other taxing jurisdictions for their originally intended uses. Among other taxes, the City imposes a 0.5% streets sales tax, a 0.25% parks sales tax, a 0.25% storm water sales tax, and a health and recreation property tax. To the extent that revenues from such special purpose taxes become available due to the termination of redevelopment areas, they will be deposited in the special tax funds described below and will be available as a source of appropriations, subject to the Purpose Limitations (such amounts being referred to as the “Non-Dedicated Appropriation Sources”). The Non-Dedicated Appropriation Sources are not pledged to the payment of Loan Payments with respect to the debt service on the Bonds or any Outstanding Project Bonds but, except as may be limited as described above, may serve as a source from which the City may appropriate funds to the repayment of the Outstanding Project Bonds, including the Bonds. It is not possible for the City to predict the amount or availability of revenues from the Non-Dedicated Appropriation Sources.

Street Improvement Sales Tax Fund Revenues

The Street Improvement Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.5% streets sales tax imposed within the bounds of the City. Expenditures from the Street Improvement Sales Tax Fund are limited to transportation purposes, including but not limited to the construction, maintenance and repair of city streets, sidewalks, curbs, bridges, culverts and traffic signals. The 0.5% streets sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

Park Improvement Sales Tax Fund Revenues

The Park Improvement Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.25% parks sales tax imposed within the bounds of the City. Expenditures from the Park Improvement Sales Tax Fund are limited to local parks, recreation programs, trails and construction of new facilities for such purposes. The 0.25% parks sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

Storm Water Sales Tax Fund Revenues

The Storm Water Sales Tax Fund is a special tax fund maintained by the City to collect and administer a 0.25% storm water sales tax imposed within the bounds of the City. Expenditures from the Storm Water Sales Tax Fund are limited to the purpose of storm water control. The 0.25% storm water sales tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

Health and Recreation Property Tax Fund Revenues

Starting in Fiscal Year 2021, a new fund (the “Health and Recreation Property Tax Fund”) was created to collect and administer a health and recreation property tax imposed within the bounds of the City. Proceeds of the health and recreation property tax were previously accounted for within the City’s General Fund. The City estimates that the new fund will receive \$2,626,000 of property taxes in Fiscal Year 2021 that had previously been received in the General Fund. The expenditures from the Health and Recreation Property Tax Fund are limited to public health and recreation purposes and were moved from the General Fund into the Health and Recreation Property Tax Fund in the City’s budget. The health and recreation property tax has no sunset date and the authority for the City to impose it will continue indefinitely unless repealed by the voters of the City.

The City’s Tax Increment Financing Supplemental Appropriation Policy

The City has recently approved a Tax Increment Financing Supplemental Appropriation Policy (the “TIF Supplemental Appropriation Policy”) relating to the Non-Dedicated Appropriation Sources and new

General Fund revenues previously captured for application within tax increment financing redevelopment areas that become available as tax increment financing expires within such areas. Under the TIF Supplemental Appropriation Policy, City Staff and consultants will monitor revenues available for application to the City's various bond-financed tax increment financing projects, monitor the amounts of Non-Dedicated Appropriation Sources and such new General Fund revenues being generated, and make a recommendation to City Council in connection with each annual budget as to the amount that should be retained from such sources in the following fiscal year in order to provide for full payment of all of the City's tax increment financing obligations (including the Outstanding Project Bonds), after considering project-generated revenues anticipated to be available to pay such obligations. Recommendations will be based on a five-year model of anticipated revenues and debt service requirements maintained by City consultants. Under the TIF Supplemental Appropriation Policy, the City Council will, on an annual basis, determine the amount of current revenues within the following fiscal year to retain in the fund established under the TIF Supplemental Appropriation Policy (the "TIF Supplemental Appropriation Fund"), and determine the amount (if any) of excess funds remaining from prior fiscal years to be released from the TIF Supplemental Appropriation Fund for deposit into the City's General Fund and special tax funds. Amounts deposited into the TIF Supplemental Appropriation Fund will be used, subject to the Purpose Limitations, to pay debt service on the City's tax increment financing obligations (including the Outstanding Project Bonds).

Fiscal Year 2020 Collections of Certain Revenues

The table below shows collections for Fiscal Year 2020 of the Pledged Revenues and Other Appropriation Sources, as described in the more detailed discussion above.

PLEDGED REVENUES			OTHER APPROPRIATION SOURCES			
			Bass Pro Lease Payments	Dedicated Appropriation Sources		Non-Dedicated Appropriation Sources
<i>PILOTS (Payments in Lieu of Taxes)</i>	<i>State TIF Revenues</i>	<i>TDD Revenues (Crackerneck TDD)</i>		<i>EATS (Economic Activity Taxes)</i>	<i>I-70 / Little Blue Parkway Revenues</i>	<i>Street / Parks / Stormwater / Health & Recreation Tax Revenues from expired redevelopment areas</i>
\$587,673	\$243,743	\$215,000	\$1,000,000	\$858,750	\$5,058,000 ⁽¹⁾	n/a ⁽²⁾

(1) Multiple years of collections were transferred to the City at one time, \$1,667,000 of which was collected in Fiscal Year 2020. The City anticipates that future annual transfers will be in the range of \$1.8 Million.

(2) The generators of Non-Dedicated Appropriation Source revenues are property and sales tax producing businesses within expiring tax increment financing redevelopment areas within the City. As such redevelopment areas expire or are terminated by the City, revenues will begin to accrue from which appropriations may be made to pay a portion of the debt service on the Project Bonds.

Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources

The Pledged Revenues, EATS and Bass Pro Lease Payments have been materially short of the amount needed to fund debt service payments on the Project Bonds, and are expected to continue to be materially short of the amount needed to fund debt service payments on the Outstanding Project Bonds after the issuance of the Series 2021 Bonds. To date, the City has expended \$13,951,364 from its General

Fund, \$1,682,643 from utility funds, \$2,258,751 from sales tax funds, \$2,018,052 from TDD Revenues and \$5,568,000 from I-70 / Little Blue Parkway Revenues to make loan payments in support of the payment of debt service on the Project Bonds. The City anticipates more consistent application of I-70 / Little Blue Parkway Revenues to debt service on the Project Bonds in future years as revenues from that source are now free of competing purposes for application. The City believes that even with significant additional development it is highly unlikely that the Crackerneck Creek Project will be able to generate sufficient revenues to pay debt service on the Outstanding Project Bonds. Consequently, even if significant additional development occurs, the repayment of the Bonds will be dependent upon annual decisions by the City Council to continue to appropriate sufficient moneys from the General Fund and other legally available funds (including the Non-Dedicated Appropriation Sources) to make Loan Payments under the Financing Agreement.

Under Missouri law, Tax Increment Financing ends after 23 years. The PILOTS and State TIF Revenues will not be available after the year 2026 and the EATS will not be available after the year 2027. The Bass Pro Lease Payments are subject to reduction and the Bass Pro Lease is subject to non-renewal by Bass Pro in future years as described under the heading “ANTICIPATED REVENUE SOURCES – Bass Pro Lease Payments” and in Appendix D. The TDD Revenues will expire in 2036 and the I-70 / Little Blue Parkway Revenues will expire in 2037. Neither the Loan Payments nor the Bonds are secured by a lien on the Bass Pro Store or the Bass Pro Lease Payments or a security interest in any property of the City or any developer.

THE CITY DOES NOT ANTICIPATE THAT THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES WILL BE SUFFICIENT SOURCES OF REPAYMENT OF THE BONDS. INVESTORS SHOULD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE AMOUNTS NEEDED TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM THE CITY’S GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES. See “THE CITY’S GENERAL FUND” and “BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations.”

Anticipated Future Financings

The City anticipates a refunding and improvement transaction for the benefit of the Independence Events Center, which will be secured by annual appropriations of the City and other revenues in the same manner as the existing bonds issued for the benefit of the Independence Events Center. The refunding purpose is to produce debt service savings and the new money portion is estimated by the City to be in the range of \$6,500,000. See **Appendix A** under the headings “**FINANCIAL INFORMATION CONCERNING THE CITY – Anticipated Future Financings,**” “**– Obligations of the City,**” and “**– Events Center.**” The City regularly evaluates the refunding of various series of outstanding bonds for debt service savings.

THE SERIES 2021 BONDS

The following is a summary of certain terms and provisions of the Series 2021 Bonds. Reference is hereby made to the Series 2021 Bonds and the provisions with respect thereto in the Indenture and the Financing Agreement for the detailed terms and provisions thereof.

General Terms

The Series 2021 Bonds are being issued in the principal amount shown on the inside cover page, are dated the date of issuance and delivery thereof, will bear interest from the date thereof or from the most recent interest payment date to which interest has been paid at the rates per annum set forth on the inside cover page, payable semi-annually on March 1 and September 1 of each year starting on September 1, 2021, and will

mature on March 1 in the years as set forth on the inside cover page. The Series 2021 Bonds are issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The principal of the Series 2021 Bonds is payable at the principal corporate trust office of the Trustee. The interest on the Series 2021 Bonds is payable to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date for such interest, (1) by check or draft mailed to such registered owner at his address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (2) at the written request addressed to the Trustee by any owner of Bonds in the aggregate principal amount of at least \$500,000, by electronic transfer to such owner upon written notice to the Trustee from such owner containing the electronic transfer instructions (which shall be in the continental United States) to which such owner wishes to have such transfer directed and such written notice is given by such owner to the Trustee not less than 15 days prior to the Record Date. Purchases of the Series 2021 Bonds will be made in book-entry only form (as described immediately below), in the denomination of \$5,000 or any integral multiple thereof. Purchasers of the Series 2021 Bonds will not receive certificates representing their interests in the Series 2021 Bonds purchased. If the specified date for any payment on the Series 2021 Bonds is a date other than a Business Day, such payment may be made on the next Business Day without additional interest and with the same force and effect as if made on the specified date for such payments. The term “Record Date” means the 15th day (whether or not a Business Day) of the calendar month next preceding the month in which an interest payment on any Bond is to be made.

Book-Entry Only System

The information provided immediately below concerning DTC and the Book-Entry System, as it currently exists, has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Board, the City, the Trustee, the Municipal Advisor or the Underwriter. The Underwriter, the Municipal Advisor, the Board, the Trustee and the City make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners will act in accordance with the procedures described herein or in a timely manner.

General. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2021 Bonds, the Beneficial Owners of the Series 2021 Bonds will not receive or have the right to receive physical delivery of the Series 2021 Bonds, and references herein to the Bondowners or registered owners of the Series 2021 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2021 Bonds.

DTC and its Participants. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing

Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by such reference or otherwise.

Purchase of Ownership Interests. Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2021 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Financing Agreement and the Indenture. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2021 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal and Interest. Redemption proceeds, distributions, and dividend payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Board or the Trustee, on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in

bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry-Only System. DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Board or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

Redemption

The Series 2021 Bonds are subject to redemption and payment prior to maturity as follows:

Optional Redemption. The Series 2021 Bonds are subject to redemption and payment prior to maturity, at the option of the Board, which shall be exercised upon written direction from the City, on and after March 1, 20____, in whole or in part at any time at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2021 Bonds maturing on March 1, 20____ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on each March 1 on the dates and in the amounts set forth below, at 100% of the principal amount thereof plus accrued interest to the redemption date, without premium:

<u>March 1</u>	<u>Principal Amount</u>
----------------	-----------------------------

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date, the City may: (i) deliver to the Trustee for cancellation any Series 2021 Bonds of such maturity, in any aggregate principal amount desired; or (ii) furnish the Trustee funds, together with appropriate instructions, for the purpose of purchasing any such Series 2021 Bonds from any registered owner thereof, whereupon the Trustee will expend such funds for such purpose to such extent as may be practical; or (iii) receive a credit with respect to the mandatory redemption obligation of the Board for any such Series 2021 Bonds which prior to such date have been redeemed (other than through the operation of the mandatory sinking fund requirements) and cancelled by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each such Series 2021 Bond so delivered or previously purchased or redeemed will be credited at 100% of the principal amount thereof on the obligation of the Board to redeem such Series 2021 Bonds on such redemption date, and any excess of such amount will be credited on future mandatory redemption obligations for such Series 2021 Bonds in chronological order.

Election to Redeem; Notice to Trustee. The Board shall elect to redeem Series 2021 Bonds subject to optional redemption upon receipt of a written direction of the City. In case of any redemption at the election of the Board, the Board shall, at least 45 days prior to the redemption date fixed by the Board (unless a shorter notice shall be satisfactory to the Trustee) give written notice to the Trustee directing the Trustee to call Series 2021 Bonds for redemption and give notice of redemption and specifying the redemption date, the principal amount and maturities of Series 2021 Bonds to be called for redemption, the applicable redemption price or prices and the provision or provisions of the Indenture pursuant to which such Series 2021 Bonds are to be called for redemption.

Notice of Redemption. Unless waived by any owner of Series 2021 Bonds to be redeemed, official notice of any such redemption shall be given by the Trustee on behalf of the Board by mailing a copy of an official redemption notice by first class mail, at least 30 days and not more than 60 days prior to the redemption date to each registered owner of the Series 2021 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such registered owner to the Trustee.

All official notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) the principal amount of Series 2021 Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Series 2021 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where the Series 2021 Bonds to be redeemed are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Trustee or other Paying Agent.

The failure of any owner of Series 2021 Bonds to receive notice given as provided herein, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Series 2021 Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any owner receives such notice.

For so long as DTC is effecting book-entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified in this Section to DTC. It is expected that DTC will, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of DTC or a Participant, or failure on the part of a nominee of a beneficial owner of a Series 2021 Bond (having been mailed notice from the Trustee, DTC, a Participant or otherwise) to notify the beneficial owner of the Series 2021 Bond so affected, shall not affect the validity of the redemption of such Series 2021 Bond.

Selection by Trustee of Bonds to be Redeemed. Bonds may be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. If less than all Bonds are to be redeemed and paid prior to maturity pursuant to the Indenture, the particular Bonds to be redeemed shall be selected by the Trustee from the Bonds of such maturity which have not previously been called for redemption, by lot or in such other equitable manner as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions equal to \$5,000 of the principal of Bonds of a denomination larger than \$5,000.

The Trustee shall promptly notify the Board and the City in writing of the Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Deposit of Redemption Price. Prior to any redemption date, the Board shall deposit with the Trustee or with a Paying Agent, from moneys provided by the City, an amount of money sufficient to pay the redemption price of all the Bonds which are to be redeemed on that date. Such money shall be held in trust for the benefit of the Persons entitled to such redemption price and shall not be deemed to be part of the Trust Estate.

Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds to be so redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the Board shall default in the payment of the redemption price) such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the Board at the redemption price. Installments of interest with a due date on or prior to the redemption date shall be payable to the owners of the Bonds registered as such on the relevant Record Dates according to the terms of such Bonds.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate prescribed therefor in the Bond.

Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at the place of payment therefor (with, if the Board or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Board and the Trustee duly executed by, the owner thereof or his attorney or legal representative duly authorized in writing) and the Board shall execute and the Trustee shall authenticate and deliver to the owner of such Bond, without service charge, a new Bond or Bonds of the same series and maturity of any authorized denomination or denominations as requested by such owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the owner of any such Bond shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, said Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$5,000 (or other denomination) unit or units of principal amount called for redemption (and to that extent only).

Subject to the approval of the Trustee, in lieu of surrender under the preceding paragraph, payment of the redemption price of a portion of any Bond may be made directly to the registered owner thereof without surrender thereof, if there shall have been filed with the Trustee a written agreement of such owner and, if such owner is a nominee, the Person for whom such owner is a nominee, that payment shall be so made and that such owner will not sell, transfer or otherwise dispose of such Bond unless prior to delivery thereof such owner shall present such Bond to the Trustee for notation thereon of the portion of the principal thereof redeemed or shall surrender such Bond in exchange for a new Bond or Bonds for the unredeemed balance of the principal of the surrendered Bond.

So long as DTC is effecting book-entry transfers of the Series 2021 Bonds, the Trustee shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2021 Bond (having been mailed notice from the Trustee, a DTC Participant or otherwise) to notify the Beneficial Owner of the Series 2021 Bond so affected, shall not affect the validity of the redemption of such Bond.

Transfer Outside Book-Entry Only System

If the book-entry only system is discontinued, the following provisions would apply. The Series 2021 Bonds are transferable only upon the registration books of the Trustee upon surrender of the Series 2021 Bonds duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his attorney or legal representative in a form satisfactory to the Trustee. Series 2021 Bonds may be exchanged for other Series 2021 Bonds of any denomination authorized by the Indenture in the same aggregate principal amount, series and maturity, upon presentation to the Trustee, subject to the terms, conditions and limitations set forth in the Indenture. The Trustee may make a charge for every such transfer or exchange sufficient to reimburse the Trustee for any tax or other governmental charge required to be paid with respect to any such exchange or transfer.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2021 Bonds, but neither the failure to print such numbers on any Series 2021 Bonds, nor any error in the printing of such numbers, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Series 2021 Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General

The Series 2021 Bonds will be issued under and will be equally and ratably secured under the Indenture under which the Board will assign and pledge to the Trustee (1) certain rights of the Board under the Financing Agreement, including the right to receive Loan Payments with respect to the Bonds thereunder, and (2) the funds and accounts, including the money and investments in them, which the Trustee holds under the terms of the Indenture.

Special, Limited Obligations

The Bonds and the interest thereon are special, limited obligations of the Board, payable solely from certain payments to be made by the City under the Financing Agreement and certain other funds held by the Trustee under the Indenture and not from any other fund or source of the Board, and are secured under the Indenture and the Financing Agreement as described herein. The City's obligations to pay the Loan Payments and Additional Payments under the Financing Agreement are limited, special obligations of the City payable solely from, and secured as to the payment of principal and interest by, a pledge of, subject to annual appropriation by the City, all general fund revenues of the City and from certain Pledged Revenues as provided in the Financing Agreement and the Authorizing Ordinance.

Except with respect to the Pledged Revenues, the City's obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City's General Fund and other legally available funds. The pledge of the Pledged Revenues (consisting of the PILOTS, State TIF Revenues and TDD Revenues) to the repayment of the Bonds is not subject to annual appropriation by the City but the payment of State TIF Revenues to the City is subject to annual appropriation by the Missouri General Assembly and the payment of TDD revenues to the City is subject to annual appropriation by the Crackerneck TDD. The Series 2021 Bonds are secured by the Pledged Revenues on a parity basis with the Series 2015C Bonds.

The Other Appropriation Sources, including the Bass Pro Lease Payments, Dedicated Appropriation Sources and Non-Dedicated Appropriation Sources, are not pledged to the repayment of the Bonds or any other Outstanding Project Bonds, but serve as sources from which annual appropriations may be made by the City. All Loan Payments that may be made by the City with respect to the Bonds from the Other Appropriation Sources are subject to annual appropriation by the City. See **"ANTICIPATED REVENUE SOURCES,"** above.

PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE SERIES 2021 BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES (INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES). VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER APPROPRIATION

SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES.” THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.

The Bonds are not an indebtedness of the City, the State or any other political subdivision thereof within the meaning of any provision of the constitution or laws of the State. Neither the full faith and credit nor the taxing powers of the City, the State or any other political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment, except as otherwise described herein. The Board has no taxing power.

The Financing Agreement

Under the Financing Agreement, the City is required to make Loan Payments to the Trustee for deposit into the Debt Service Fund in amounts sufficient to pay the principal of and interest on the Bonds when due. The City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, subject to annual appropriation by the City as described herein, all General Fund revenues of the City. The taxing power of the City is not pledged to the payment of Loan Payments either as to principal or interest.

The City's appropriation of funds is effective with the approval by the City Council of its annual budget. Subject to annual appropriation, the City is required under the Financing Agreement to pay each Loan Payment on or before the Business Day preceding each March 1 and September 1, commencing _____ 1, 2021 in an amount which is not less than the next installment of interest and principal due on the Bonds on the next principal payment date by maturity or mandatory sinking fund redemption.

Annual Appropriation Obligation of the City

The City has the right, to exercise in its sole and absolute discretion, for any reason, not to budget and appropriate funds, however, the Financing Agreement contains the following provisions with respect to the City's annual appropriation obligation:

Annual Appropriation. The Financing Agreement provides for the payment by the City of Loan Payments which are dependent upon actions by the City, on or before the last day of each Fiscal Year, to budget and appropriate moneys sufficient to pay all Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City is required under the Financing Agreement to deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall make independent inquiry of the fact of whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Annual Budget Request. The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals is required under the Financing Agreement to include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within his or her power to obtain and maintain funds from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

Loan Payments to Constitute Current Expenses of the City. The Board and the City acknowledge and agree that the Loan Payments and Additional Payments hereunder shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitation or requirements concerning the creation of indebtedness by the City, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments hereunder shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing herein shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

See **“THE CITY'S GENERAL FUND,” “ANTICIPATED REVENUE SOURCES – Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources,”** and **“BONDOWNERS' RISKS – Risk Factors Relating to Annual Appropriations.”**

Debt Service Reserve Fund

Pursuant to the Indenture, the Trustee will establish accounts within the Debt Service Reserve Fund created under the Indenture for each series of Bonds issued under the Indenture for the payment of the principal of and interest on the Bonds of each series to which the applicable account of the Debt Service Fund relates to the extent of any deficiency in the Debt Service Fund with respect to such applicable Series of Bonds for such purposes. Such accounts within the Debt Service Reserve Fund will be fully funded at the time of the issuance of the respective series of Bonds from the proceeds thereof or from other sources available to the City in an amount equal to the “Debt Service Reserve Requirement” which is applicable to each series.

On the issuance date of the Series 2021 Bonds, a deposit will be made to the Debt Service Reserve Fund account established for the Series 2021 Bonds in an amount equal to the least of (1) 10% of the stated principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds are sold with more than a *de minimis*

amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (2) the maximum annual principal and interest requirements on the Series 2021 Bonds, determined as of the issuance date, or (3) 125% of the average annual principal and interest requirements on the Bonds, determined as of the issuance date (the initial “Debt Service Reserve Requirement”). However, the Debt Service Reserve Requirement is subject to reduction on any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, to an amount equal to the least of (a) 10% of the original principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for the Series 2021 Bonds during each Fiscal Year subsequent to such date in which Series 2021 Bonds remain Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the Debt Service Reserve Fund Requirement over the amount required immediately prior to such calculation.

The Debt Service Reserve Requirement for the Series 2021 Bonds will be satisfied by deposit of a portion of the proceeds of the Series 2021 Bonds as set forth under the caption **“PLAN OF FINANCE - Sources and Uses of Funds.”** Moneys in each series account of the Debt Service Reserve Fund shall only be available to fund a deficiency in the applicable account in the Debt Service Fund with respect to the corresponding series of Bonds and to retire the last Outstanding bonds of that series. If Additional Bonds are issued, the Board expects to fund a separate reserve account for the Additional Bonds.

If the Trustee disburses or expends moneys from the Debt Service Reserve Fund for the purposes stated in the paragraph above, the Trustee shall immediately notify the City of the amount necessary to restore the balance in the Debt Service Reserve Fund to the applicable Debt Service Reserve Fund Requirement, and the Trustee shall direct the City to restore the deficiency in 12 equal monthly payments beginning not later than the first day of the next calendar month. On each valuation date as provided the Indenture, the Trustee shall determine the value of all cash and Permitted Investments held in the Debt Service Reserve Fund. If the value so determined exceeds the Debt Service Reserve Fund Requirement, the excess shall as promptly as practical be transferred to the Debt Service Fund pursuant to the Indenture. If the value so determined is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately direct the City to restore the deficiency not later than the next succeeding Payment Date.

On or after any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, the City may provide written direction, signed by a City Representative, specifying the then-applicable Debt Service Reserve Fund Requirement (together with the mathematical calculation of such requirement) to the Trustee, together with direction to the Trustee to release any excess amounts held in the Debt Service Reserve Fund account established for the Series 2021 Bonds. Upon receipt of such written direction, the Trustee shall promptly transfer such excess funds to the fund providing for the defeasance of such Series 2021 Bonds deemed to be paid and discharged.

The Indenture

Under the Indenture, the Board will pledge and assign to the Trustee, for the benefit of the owners of the Bonds, all of its rights under the Financing Agreement, including all Loan Payments and other amounts payable under the Financing Agreement (except for certain fees, expenses and advances and any indemnity payments payable to the Board) as security for the payment of the principal of and interest on the Bonds. See **“SUMMARY OF THE INDENTURE”** in **Appendix E** hereto.

Project Bonds, Priority of Liens

All of the outstanding Series 2006B Bonds, Series 2013A Bonds and Series 2013B Bonds will be redeemed using proceeds of the Series 2021 Bonds. The Project Bonds that will remain outstanding after the issuance of the Series 2021 Bonds, which include the Series 2015C Bonds and the Series 2021 Bonds, are referred to herein as the “Outstanding Project Bonds.” See **“INTRODUCTORY STATEMENT – Project Bonds Issued for the Crackerneck Creek Project,”** above, for identification of the Project Bonds and **“PLAN OF FINANCE – Refunded Bonds,”** above.

The Loan Payments with respect to the Series 2021 Bonds will have a lien on the Pledged Revenues that is on a parity with the lien of the Series 2015C Bonds. **However, the Loan Payments are not secured by and the Bonds will have no lien on the Bass Pro Store or the Bass Pro Lease Payments. All series of Outstanding Project Bonds are secured by an annual appropriation obligation of the City.**

Additional Parity Bonds

The Board from time to time may, at the written request of the City, authorize the issuance of additional bonds on a parity with the Series 2015C Bonds and the Series 2021 Bonds (“Additional Parity Bonds”) for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Parity Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by a resolution adopted by the Board and an Ordinance adopted by the City; (2) the Board and the City shall have entered into a Supplemental Financing Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of and interest on the Additional Parity Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Parity Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Parity Bonds.

Additional Parity Bonds may be issued only for the purpose of refunding outstanding Project Bonds. The sole economic test for the issuance of Additional Parity Bonds is whether the City is willing to commit its annual appropriation obligation to the repayment of the Loan Payments with respect to such Additional Parity Bonds. **This means that the City may issue or cause to be issued Additional Parity Bonds for the purpose of refunding outstanding Project Bonds without any additional limits, even if the Pledged Revenues and Other Appropriation Sources continue to be insufficient to provide for the Loan Payments on the Outstanding Project Bonds, without regard to the proposed Additional Parity Bonds.**

BONDOWNERS’ RISKS

*The following is a discussion of certain risks that could affect payments to be made by the Board with respect to the Series 2021 Bonds and the Loan Payments to be made by the City under the Financing Agreement. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Official Statement and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Series 2021 Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein and in **Appendix E**, copies of which are available as described herein.*

General

The Bonds are limited obligations of the Board payable by the Board solely from payments to be made by the City pursuant to the Financing Agreement and from certain other funds held by the Trustee under

the Indenture. No representation or assurance can be given that the City will collect or appropriate revenues in amounts sufficient to make such payments under the Financing Agreement.

PROSPECTIVE INVESTORS SHOULD NOT RELY UPON THE PLEDGED REVENUES, THE BASS PRO LEASE PAYMENTS AND THE DEDICATED APPROPRIATION SOURCES AS SUFFICIENT SOURCES OF REPAYMENT OF THE SERIES 2021 BONDS, BUT SHOULD INSTEAD EVALUATE THE LIKELIHOOD THAT THE CITY WILL APPROPRIATE MONEYS SUFFICIENT TO MAKE LOAN PAYMENTS UNDER THE FINANCING AGREEMENT RELATING TO THE BONDS FROM ITS GENERAL FUND AND OTHER LEGALLY AVAILABLE SOURCES, INCLUDING THE NON-DEDICATED APPROPRIATION SOURCES. VARIOUS PORTIONS OF THE PLEDGED REVENUES AND OTHER APPROPRIATION SOURCES WILL TERMINATE PRIOR TO THE FINAL MATURITY OF THE SERIES 2021 BONDS AS DESCRIBED UNDER THE HEADING “ANTICIPATED REVENUE SOURCES.” THE BONDS ARE NOT SECURED BY A LIEN ON THE BASS PRO STORE OR THE BASS PRO LEASE PAYMENTS OR A SECURITY INTEREST IN ANY PROPERTY OF THE CITY OR ANY DEVELOPER.

Effects of COVID-19

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies. In response to such expectations, the federal government declared a “national emergency,” the State declared a state of emergency and issued a temporary stay-at-home order, and Jackson County, Missouri, the County in which the City is located, issued a temporary stay-at-home order in the spring of 2020. The stay-at-home orders have since expired. Despite the expiration of such orders, cities and counties have the ability, and continue, to impose local public health orders restricting economic activities within the State.

During 2020, the City was at times subject to executive orders requiring social distancing and reopening plans at the state and county level. In December of 2020, the City completed steps to re-establish the City of Independence Health Department (the “City Health Department”) as a State-recognized local health authority in response to the COVID-19 pandemic. By order of the Mayor and the Acting Health Director of the City on December 9, 2020, the City issued its own “Safer Independence Guidelines” which became effective on December 11, 2020, and which were updated on February 20, 2021. Under the current Safer Independence Guidelines, the following restrictions are imposed:

- Restaurants, taverns, and all other venues serving food and drink indoors shall limit the number of occupants to no more than 50 percent of building occupancy. Indoor and outdoor patrons must be seated at all times while actively eating or drinking and masked at all times except when actively eating or drinking. Parties shall be spaced with no less than six feet of distance between themselves and individuals from any other parties.
- Entertainment and recreational venues shall limit the number of individuals (staff and customers) in the facility, building or room to 50 percent of the lowest occupancy load on the certificate of occupancy of the facility, building, or room (whichever is lower) in which the gathering is occurring. Masks or face coverings must be worn at all times.
- Masks must be worn in all indoor spaces with more than one person per room and outdoor spaces where social distancing of at least six feet cannot be maintained, except where a specific exception applies.
- Business operations generally open to the public and operating in a publicly accessible capacity and not described above shall maintain six feet of distance between areas of service, such as

tables, booths, or stations in addition to the wearing of a face covering or mask for all staff and customers.

The effects of COVID-19 are expected to have an adverse effect on sales tax revenues collected within the Crackerneck Creek Redevelopment Area and within the City as a whole. Certain retailers were instructed by the Jackson County Health Department to remain completely closed for a period of time as part of the initial COVID-19 response. On March 30, 2020, the Bass Pro Store was ordered to close. However, the next day, that order was revised to allow the Bass Pro Store to open for sales for guns, ammunition and hunting and fishing items only. On May 11, 2020, the Bass Pro Store was allowed to open subject to certain restrictions. Other retailers and restaurants within the Crackerneck Creek Redevelopment Area and throughout the City were subject to county stay at home orders, causing some to remain closed during the time that such orders were in effect. Under the county stay at home orders, restaurants were required to limit their operations to delivery, drive-through, curbside pickup and carryout sales.

The City received \$1,317,493 in EATS, State TIF Revenues and TDD Revenues (all of which are generated by sales tax collections) during Fiscal Year 2020, compared to \$1,388,733 in EATS, State TIF Revenues and TDD Revenues received by the City for Fiscal Year 2019. Although monthly Bass Pro Lease Payments were delayed during the complete shutdown of the Bass Pro Store, the aggregate amount of payments is not expected to change due to the COVID-19 response as payments were already being made at the minimum of \$1,000,000 annually. See **“APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER”** for a further description of the payments due under the Bass Pro Lease.

The City’s Fiscal Year 2020 ended on June 30, 2020, and included the months of March, April, May and June, 2020, during which the COVID-19 response began and continued to occur. The City’s 2020-2021 Operating Budget assumed that the COVID-19 response would cause \$4,625,000 in revenue loss to the General Fund prior to the end of Fiscal Year 2020. However, the audited numbers for Fiscal Year 2020 show actual General Fund revenue loss of \$3,124,186 compared to the revenues budgeted for Fiscal Year 2020 of \$78,038,792 (including \$19,614,000 budgeted for payments in lieu of tax transferred to the General Fund from the City’s utility funds). Additionally, such revenue loss was partially offset by expenditure reductions totaling \$1,492,664, resulting in a net change in fund balance for the General Fund of \$(1,159,199), reducing the General Fund balance from \$7,280,762 (FY 2019 end) to \$6,121,563 (FY 2020 end). See **“THE CITY’S GENERAL FUND – General Fund Budgets and Results”** and **“– Summary of General Fund Revenues, Expenditures and Changes in Fund Balances.”** The City’s 2020-2021 Operating Budget anticipates a revenue decline of 21% for sales taxes received by the City in Fiscal Year 2021, contributing to a projected \$3,049,208 General Fund revenue loss compared to the 2019-2020 budget (or a loss of \$477,593 compared to Fiscal Year 2020 actual collections) based on economic conditions. So far in Fiscal Year 2021, the City has not seen the level of reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. See **“THE CITY’S GENERAL FUND – The City’s 2020-2021 Operating Budget”** and **“– Post-Budget Developments”** for further discussion.

In response to anticipated General Fund revenue loss, the 2020-2021 Operating Budget includes a series of expenditure reductions aimed at reducing budgetary pressures. See pages 15 through 18 of the 2020-2021 Operating Budget in **Appendix C** hereto. The 2020-2021 Operating Budget designates \$1,509,018 of General Fund revenues as contingency as a cushion against revenue loss. Additionally, the City approved the Interfund Loan in the maximum principal amount of \$25,000,000, to provide short term liquidity to address General Fund revenue shortfalls. The 2020-2021 Operating Budget anticipated that the City would draw down \$2,000,000 of the Interfund Loan by the end of Fiscal Year 2020. However, the City experienced less revenue loss during Fiscal Year 2020 and the first half of Fiscal Year 2021 than anticipated by the 2020-2021 Operating Budget, with the result being that the City terminated the Interfund Loan on February 2, 2021 without having drawn any of the available funds. The City Manager’s proposed 2021-2022 Operating Budget estimates a surplus of revenues over expenditures for the General Fund for Fiscal Year 2021 of \$600,710. See

“THE CITY’S GENERAL FUND – The City’s 2020-2021 Operating Budget,” “– Post-Budget Developments” and “– Proposed 2021-2022 Operating Budget.”

Jackson County, in which the City is located, received \$122,669,998 in funding under the federal Coronavirus Aid, Relief, and Economic Security Act or “CARES Act,” which money, by law, is to be spent on necessary expenditures incurred due to the COVID-19 public health emergency. Jackson County established a volunteer advisory group to make recommendations to the County Executive as to expenditures of the money in accordance with CARES Act requirements. The City received \$6,953,474 in distributions of such funds from Jackson County, which helped to offset an anticipated \$10,399,556 in CARES grant reimbursable expenditures incurred between March 2020 and December 2020 for COVID-19 response-related expenses. The revenues were coded as revenues to the City after June 30, 2020. The City anticipates receiving additional public assistance for COVID-19 expenditures for the same period through grants from the Federal Emergency Management Agency.

The American Rescue Plan Act of 2021 (the “American Rescue Plan”) became law in March of 2021. Among other things, the American Rescue Plan provides funding for local governments to respond to the public health emergency associated with COVID-19, to provide premium pay to essential workers, to provide government services affected by a revenue reduction during the COVID-19 pandemic and to make investments in water, sewer, and broadband infrastructure. Funds can be used to cover costs incurred through the end of 2024. The City anticipates receipt of \$20,295,216 under the American Rescue Plan. The City Council has not yet determined how it will allocate such funds.

The continued proliferation of COVID-19 throughout the City and the State may worsen the adverse effects on the City and the Crackerneck Creek Redevelopment Area due to the economic ramifications of mandatory business and other closures. The City could face significant costs associated with containing and responding to the virus, as other municipal entities across the United States have already experienced, and the City cannot be certain whether any short term borrowing or State or Federal aid would be sufficient to address such costs. In addition, a longer term economic downturn could cause sustained reductions in sales tax revenues and assessed valuations in the City, which could lead to further reductions in Pledged Revenues, Other Appropriation Sources and the City’s general revenues. Developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the City and such revenues in the future is highly uncertain and cannot be predicted. See “**APPENDIX C: THE CITY’S 2020-2021 OPERATING BUDGET**” and “**THE CITY’S GENERAL FUND – Post-Budget Developments**” for additional discussion of the anticipated effects of COVID-19 on the City’s finances.

Risk Factors Relating to Annual Appropriations

General. Except with respect to the Pledged Revenues, the City’s obligation to make Loan Payments under the Financing Agreement will be subject to annual decisions by the City Council to appropriate and to continue to appropriate moneys from the City’s General Fund and other legally available funds. Although the City has covenanted in the Financing Agreement to include amounts sufficient to pay the Loan Payments in the budget proposals submitted to the City Council for each fiscal year, there can be no assurance that such appropriation will be made, and the City is not legally obligated to do so. As described herein, the City expects that the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources will be insufficient to pay debt service on the Outstanding Project Bonds. See “**ANTICIPATED REVENUE SOURCES – Insufficiency of Certain Revenues, Reliance on General Fund and Other Legally Available Sources**” and “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special, Limited Obligations.**” Prospective investors should evaluate the likelihood that the City will appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds from the City’s General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources).

To date, the City has expended \$13,951,364 from its General Fund, \$1,682,643 from utility funds, \$2,258,751 from sales tax funds, \$2,018,052 from TDD Revenues and \$5,568,000 from I-70 / Little Blue Parkway Revenues to make loan payments in support of the payment of debt service on the Project Bonds. The City believes that the Crackerneck Creek Project will be unable to generate sufficient revenues to pay debt service on the Outstanding Project Bonds.

General Fund Capacity. The City anticipates that it may need to utilize balances in the City's General Fund in addition to the Pledged Revenues and the Other Appropriation Sources to make payments on the Outstanding Project Bonds in future fiscal years. See **"THE CITY'S GENERAL FUND – Audited Financial Information for Fiscal Year 2020," "– The City's 2020-2021 Operating Budget," and "– Post-Budget Developments"** for a discussion of General Fund revenues, expenses and ending fund balances for Fiscal Year 2020 and budgeted amounts for Fiscal Year 2021 based on the City's 2020-2021 Operating Budget and subsequent developments. Also see **"THE CITY'S GENERAL FUND – Proposed 2021-2022 Operating Budget."**

General Fund Expenses. For the fiscal year ending June 30, 2021, approximately 83.1% (\$60,538,679) of the General Fund revenues are expected to be spent for City personnel costs – salaries, wages and benefits. As noted above, the City has appropriated and expended amounts from its General Fund in recent years to make loan payments in support of the payment of debt service on the Project Bonds. Appropriations from the General Fund to pay debt service on the Bonds in some years may require the consideration and implementation of expenditure reductions, including reductions to salaries, wages and benefits. Such reductions could be very difficult to implement and may impact the City's decision of whether to continue to support the payment of debt service on all the Outstanding Project Bonds by appropriating revenues from its General Fund and other legally available funds. All Project Bonds, including the Bonds, have an equal claim to such General Fund revenues.

A significant portion of the City's General Fund expenditures for salaries, wages and benefits are related to contributions to a defined benefit pension plan known as LAGERS (\$13,630,050 in the fiscal year ending June 30, 2020) and to "Other Post-Employment Benefits" or "OPEB" (\$7,047,000 in the fiscal year ending June 30, 2020). Audited numbers for Fiscal Year 2020 are contained in **Appendix B**. In addition, **Appendix B** presents multi-year trend information as of June 30, 2020, showing whether the actuarial value of defined benefit pension plans assets is increasing or decreasing over time relative to the actuarial accrued liability and also includes information concerning the historical trends of OPEB. Both the contribution to LAGERS and the projected OPEB costs are based upon actuarial reports that include certain key assumptions. The most recent actuarial report received by the City relating to the City's contribution to LAGERS is attached hereto as **Appendix H**. The most recent actuarial report received by the City relating to the projected OPEB liability is attached hereto as **Appendix I**. Prospective investors should evaluate whether the assumptions used in such reports are reasonable and the future impact such costs could have on the General Fund.

Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources. The City expects that the Pledged Revenues, the Bass Pro Lease Payments and the Dedicated Appropriation Sources, collectively, will be insufficient to pay debt service on the Outstanding Project Bonds. Such insufficiencies and any reduction in the Non-Dedicated Appropriation Sources anticipated to be available to the City may impact the City's decision of whether to continue to support the payment of debt service on the Outstanding Project Bonds, including the Bonds, by appropriating revenues from its General Fund and other legally available funds.

Appropriation Risk with Respect to Pledged Revenues and Other Appropriation Sources. The pledge of the PILOTS to the Bonds is not subject to annual appropriation by any governmental entity. All other Pledged Revenues and Other Appropriation Sources, however, must be annually appropriated by the City or another governmental entity prior to their use to make Loan Payments for application to debt service on the Bonds. State TIF Revenues are subject to annual appropriation by the Missouri General Assembly prior to payment to the City. TDD Revenues are subject to annual appropriation by the Crackerneck TDD prior to payment to the City. The

Other Appropriation Sources are all subject to annual appropriation by the City before application to debt service on the Bonds. There can be no assurance that the State will annually appropriate the State TIF Revenues or that the Crackerneck TDD will annually appropriate the TDD Revenues for payment to the City. Likewise, there can be no assurance that the City will annually appropriate moneys from the Other Appropriation Sources to the payment of the Loan Payments with respect to debt service on the Bonds.

No Pledge, Lease or Mortgage of any Project or any other Facilities of the City

Payment of the Loan Payments and principal of and interest on the Bonds is not secured by any deed of trust, mortgage or other lien on any project, the land and building in which the Bass Pro Store is located or any other facilities or property of the City or any developer. Except with respect to the Pledged Revenues, the Bonds are payable solely from amounts subject to annual appropriation by the City. The Bonds are not secured by a lien on the Bass Pro Lease Payments or the land and building in which the Bass Pro Store is located.

Ability to Issue Future Series of Project Bonds

The refunding of the Refunded Bonds will reduce the current shortfall and expected shortfall between the collections of Pledged Revenues, Bass Pro Lease Payments and Dedicated Appropriation Sources and the debt service on the Outstanding Project Bonds and therefore the amount that the City anticipates will be needed from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources) to pay debt service on the Outstanding Project Bonds in future fiscal years. While it is impossible to predict the amount of the shortfall in future fiscal years, the City anticipates that the payment of the Loan Payments with respect to debt service on the Bonds will be dependent on appropriations from the City's General Fund and other legally available sources (including the Non-Dedicated Appropriation Sources). In order to reduce the amount of such appropriations from the City's General Fund, the City may seek to refund additional Project Bonds in order to achieve debt service savings and/or restructure debt service over the life of the Outstanding Project Bonds if and when deemed economical or to better align projected revenues with debt service. There can be no assurance that the City Council will approve the issuance of such future series of bonds, that interest rates will not increase to a point where such refunding is not economical or that such refunding bonds can be sold.

Tax Increment Financing Litigation

The Missouri Supreme Court upheld the constitutionality of the TIF Act (prior to certain amendments thereto) in 1987. See "**APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI.**" Nevertheless, litigation regarding the constitutionality and application of the TIF Act is currently pending in various Missouri circuit courts. Circuit courts in Missouri are trial courts and decisions in those courts are not binding on other Missouri courts. Circuit court decisions, whether favorable or unfavorable with respect to the constitutionality and application of the TIF Act, may be appealed to a Missouri Court of Appeals and, ultimately, the Missouri Supreme Court. If the plaintiffs are successful in one or more of the currently pending cases, the court's decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan. It is not possible to predict whether an adverse holding in any current or future litigation would prompt a challenge to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan or how that decision would be applied by a court with respect to the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan, the PILOTS, EATS, State TIF Revenues or I-70 / Little Blue Parkway Revenues may not be available in the amounts or at the times expected by the City to pay portions of the principal of and interest on the Outstanding Project Bonds. The City cannot predict or guarantee the

outcome of any currently pending or future litigation challenging the constitutionality or the application of the TIF Act or the application by a court of a potential holding in any case to other tax increment projects.

Risk Factors Relating to Revenues Generated by the Crackerneck Creek Project

Factors Impacting Bass Pro Retail Sales. The largest generator of PILOTS, EATS, State TIF Revenues and TDD Revenues in the Crackerneck Creek Project is the Bass Pro Store. Pursuant to the Bass Pro Lease, Bass Pro covenanted that it would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20-year initial term of the lease (the “Operating Covenant Period”). Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period and the initial term of the Bass Pro Lease runs through the year 2026. Bass Pro has the option to renew the Bass Pro Lease for nine one-year periods, and three five-year periods. There can be no assurance that Bass Pro will renew the lease after the initial lease term. See “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER.**”

Status of Developer. The City has the right to replace the Developer at any time. The City has not replaced the Developer because it has not been able to determine that a new developer would lead to an increase in leasing activity. See “**APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER.**”

Additional Development. The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The Developer has not requested financial assistance from the City with respect to the residential complex. The City’s Tax Increment Financing Commission has recommended approval of the amendment to City Council, but City Council has not yet determined whether it will approve the amendment. It is anticipated that a portion of any PILOTS generated by such new development would be distributed to the taxing districts. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area. There are currently no letters of intent or binding agreements for new tenants in the Crackerneck Creek Project, nor are there any commitments for the sales of any parcels. There can be no assurance that new retail stores will be located in the Crackerneck Creek Project.

Demand for retail goods, especially specialty retail goods, can be highly volatile, cyclical and is generally subject to a variety of economic conditions that significantly impact consumers and the demand for consumer goods. Such factors include economic conditions in the surrounding trade area, rental rates and occupancy rates, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operations as a result of fire, natural disaster, pandemics such as COVID-19, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the amount of retail sales or property taxes which may be realized from the Crackerneck Creek Project.

Risk of Damage or Destruction. The partial or complete destruction of the Bass Pro Store or other stores or restaurants within the Crackerneck Creek Project, as a result of fire, natural disaster or similar casualty event, would adversely impact the collection of PILOTS, EATS, State TIF Revenues and TDD Revenues from the Crackerneck Creek Project.

Risk of Failure to Maintain Levels of Assessed Valuations

There can be no assurance that the assessed value within the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan will equal or exceed the current assessed value at any point in the future or that any level of assessed value will be maintained throughout the term

of the Series 2021 Bonds. If at any time during the term of the Outstanding Project Bonds the actual assessed value is less than expected, the amount of the PILOTS will likely be less than anticipated by the City.

Even if the County Assessor's determination of the assessed value of the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan equals or exceeds the anticipated assessed value, the property owners have the right to appeal such determination. The property owners within the Crackerneck Creek Redevelopment Area have in the past appealed the reassessment of property within the Crackerneck Creek Redevelopment Area. Additionally, certain tenants may also have the right to appeal such determination should the owners decline to do so. If any such appeal is not resolved prior to the time when real estate taxes are due, the taxpayer may pay the taxes under protest. In such event, payments in lieu of taxes being protested will not be available for deposit into the Special Allocation Fund until the appeal has been concluded. If the appeal is resolved in favor of the taxpayer, the assessed value of the property will be reduced, in which event the PILOTS may be less than anticipated. See **"APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI"** and **"APPENDIX D: THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER – Status of Developer."**

In addition, if the assessed valuation in the City rises to the extent that a rollback in tax rates is required, and if the increase in assessed valuation within the Crackerneck Creek Redevelopment Area or the redevelopment area established under the I-70 / Little Blue Parkway Plan is not as extensive as the increase within the City generally, the rollback in tax rates may result in a reduction in PILOTS. See **"APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI."**

Risk Factors Relating to Revenues Generated by Retail Sales Tax

Generally. The EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources are all generated by retail sales within the Crackerneck Creek Redevelopment Area (for EATS, State TIF Revenues and TDD Revenues) or other redevelopment areas around the City. The volume of sales tax revenues is contingent upon and may be adversely affected by a variety of factors, including without limitation economic conditions within the City or a particular redevelopment area or the surrounding trade area and competition from other retail businesses, rental rates and occupancy rates in private developments, suitability of the developments for the local market, local unemployment, availability of transportation, neighborhood changes, crime levels in the area, vandalism and rising operating costs, interruption or termination of operations as a result of fire, natural disaster, strikes or similar events, among many other factors. As a result of all of the above factors, it is difficult to predict with certainty the expected amount of EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources which will be available for appropriation by the City to pay the principal of and interest on the Outstanding Project Bonds. The retail sales industry is highly competitive. Existing retail businesses outside of the City and/or the redevelopment areas generating EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources and the future development of such outside retail businesses, which are competitive with retail businesses in the City and/or such redevelopment areas may exist or may be developed after the date of this Official Statement.

Online Sales. The EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources are not generated by purchases made over the internet, nor on purchases made from catalogs. The future level of taxable retail sales which occur within the City and the various redevelopment areas contributing to such revenues will likely be negatively affected by the future level of internet sales (also known as e-commerce). E-commerce vendors compete with local retail businesses and in the future could reduce the level of taxable retail sales which otherwise would occur within the City and the various redevelopment areas contributing to the EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources. The use of the internet by consumers for their purchases is subject to various market factors as well as consumer behavior and preferences. The ultimate impact of internet sales on the level of taxable retail sales which occurs within

the City and the various redevelopment areas contributing to the EATS, State TIF Revenues, TDD Revenues, I-70 / Little Blue Parkway Revenues and revenues of the Non-Dedicated Appropriation Sources cannot be determined at this time. Additionally, the increasing popularity of gift cards, the sales and resulting taxes from which are not realized until the gifted amounts are spent by the recipient, may impact monthly sales tax receipts in a manner which cannot be determined at this time.

E-commerce sales and other changes in the economy have also caused local sales tax collections to decline on a City-wide basis. It is not possible to predict whether or to what extent any such changes will continue, and what impact any such changes would have on sales tax revenues.

On August 6, 2019, the voters of the City approved a local use tax to be applied from and after January 1, 2020 to purchases made from out-of-state vendors that ship goods to consumers within the City. To the extent that sales or use tax is not charged by an out-of-state vendor, the consumer is required to file a use tax return with respect to such purchases, provided that a use tax return is not required for consumers whose purchases from out-of-state vendors do not exceed two thousand dollars in any calendar year. Proceeds of the City's use tax must be applied for the following purposes (1) the first \$750,000 to operating a no-kill animal shelter and (2) next, an amount sufficient to fund up to 30 additional police officers for the City to that purpose, after which the proceeds are deposited into the City special sales tax accounts based on the levy rate of each such tax, a portion of which would be allocated to the General Fund. The City anticipates that the General Fund will begin to receive use tax proceeds in Fiscal Year 2021. The rate of the use tax is equal to the rate of the City's combined sales tax levy, currently 2.25%, provided that, if the City's combined sales tax levy is reduced or raised by voter approval, the use tax rate will automatically increase or decrease accordingly.

Reliance on Sales Tax Revenue. The City depends significantly on retail sales tax revenues, with approximately 44% of the City's general and program revenues from governmental activities during the fiscal year ended June 30, 2020 being derived from such taxes and approximately 17% of the City's total general and program revenues during the fiscal year ended June 30, 2020 being derived from such taxes. The City's 2020-2021 Operating Budget anticipates a revenue decline of 21% for sales taxes received by the City in Fiscal Year 2021. So far in Fiscal Year 2021, the City has not seen the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget, but has seen reductions in franchise fees collected by the City. See **"THE CITY'S GENERAL FUND – The City's 2020-2021 Operating Budget,"** **"– Post-Budget Developments"** and **"– Proposed 2021-2022 Operating Budget"** for further discussion. Also see **"THE CITY'S GENERAL FUND – The City's 2020-2021 Operating Budget"** and **"APPENDIX C: THE CITY'S 2020-2021 OPERATING BUDGET"** for discussion of the City's plan to respond to anticipated revenue reductions.

Changes in State and Local Tax Rates

Any taxing district in the Crackerneck Creek Redevelopment Area or the redevelopment area established for the I-70 / Little Blue Parkway Plan could lower its tax rate, which would have the effect of reducing the PILOTS or EATS derived from the Crackerneck Creek Redevelopment Area or the I-70 / Little Blue Parkway Revenues derived from the redevelopment area established for the I-70 / Little Blue Parkway Plan. Such a reduction in rates could be as a result of a desire of the governing body of the taxing district to lower tax rates, the retirement of general obligation bonds of the taxing district, taxpayer initiative, or in response to State or local litigation or legislation affecting the broader taxing structure within the taxing district, such as litigation or legislation affecting the primary reliance on ad valorem property taxes to fund elementary and secondary education in the State. Increases in property or sales taxes are not typically subject to capture within an already existing redevelopment area (see **"APPENDIX G: TAX INCREMENT FINANCING IN MISSOURI"**).

Changes in State and Local Tax Laws

Any change in the current system of collection and distribution of real property taxes or sales taxes in the County or the City, including without limitation the reduction or elimination of any such tax, judicial action concerning any such tax or voter initiative, referendum or action with respect to any such tax, could adversely affect the availability of Pledged Revenues and Other Appropriation Sources to contribute to the payment of the principal of and interest on the Outstanding Project Bonds, including the Series 2021 Bonds. There can be no assurances, however, that the current system of collection and distribution of the real property taxes or sales taxes in the County or the City will not be changed by any competent authority having jurisdiction to do so, including without limitation the State, the County, the City, school districts, the courts or the voters, and the Financing Agreement does not limit the ability of the City to make any such changes with respect to City taxes and levies.

Risk Factors Relating to I-70 / Little Blue Parkway Revenues

The I-70 / Little Blue Parkway Revenues are subject to the same risks as are described herein relating generally to other sales and property tax driven revenues, but specifically with respect to project area #1 and project area #3 established under the I-70 / Little Blue Parkway Plan. Project area #1 of the I-70 / Little Blue Parkway Plan contains a Menards home improvement store, a QuikTrip convenience store and four out-lot restaurants, including a DQ Grill & Chill, a Lion's Choice, a Wendy's and a Black Bear Diner. Project area #3 of the I-70 / Little Blue Parkway Plan contains a car wash, two restaurants (an Old Chicago pizza restaurant and a Slim Chickens restaurant) and Main Event, a family fun and entertainment venue. The success of project area #1 of the I-70 / Little Blue Parkway Plan is almost entirely dependent on the continued operation of the Menards store. Project area #3 of the I-70 / Little Blue Parkway Plan is located at the main entrance to the Crackerneck Creek Redevelopment Area and its customer base is more associated with visitors to the Bass Pro Store and other businesses with the Crackerneck Creek Redevelopment Area. The effects of a continued COVID-19 response will be felt strongly by Main Event, as a family recreation and gathering venue.

Risk Factors Relating to the Non-Dedicated Appropriation Sources

The Non-Dedicated Appropriation Sources are subject to the same risks as are described herein relating generally to other sales and property tax driven revenues. Additionally, the timing and amount of Non-Dedicated Appropriation Sources received by the City is subject to (1) the payoff of bonds issued for certain redevelopment areas, (2) the payment in full of obligations to developers relating to certain redevelopment areas, and (3) the economic performance within the redevelopment areas from which the revenues available from the Non-Dedicated Appropriation Sources will be generated both before and after termination of tax increment financing within such redevelopment areas. The amount of revenues available to the City from the Non-Dedicated Appropriation Sources and the timing of such revenues is impossible to predict with accuracy. The City has made certain assumptions with respect to such amounts and timing, which, if materially inaccurate, may affect the City's willingness or ability to continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds.

Any sustained reduction in the City's governmental revenues may reduce the likelihood that the City will appropriate revenues from the Non-Dedicated Appropriation Sources to pay (together with other sources described herein) debt service on the Outstanding Project Bonds, including the Series 2021 Bonds, since such revenues would otherwise benefit the City's sales and property tax funds. In addition to the City's Health and Recreation Property Tax Fund, Non-Dedicated Appropriation Sources include certain amounts deposited to three of the City's special sales tax funds, including the Street Improvement Sales Tax Fund, the Park Improvement Sales Tax Fund, and the Storm Water Sales Tax Fund. The 2020-2021 Operating Budget estimates a revenue decline of 21% in sales tax collections for its various special sales tax funds due to the effects of COVID-19. So far in Fiscal Year 2021, the City has not seen the reductions in sales taxes collections predicted by the 2020-2021 Operating Budget. In fact, first half collections of sales tax exceeded first half collections in Fiscal Year 2020. However, there can be no assurance that collections of sales tax revenues will continue to exceed the assumptions of the 2020-2021 Operating Budget.

Any sustained reduction in revenues for the City's Street Improvement Sales Tax Fund, Park Improvement Sales Tax Fund and/or Storm Water Sales Tax Fund will reduce the amounts available in such funds for appropriation to debt service on the Outstanding Project Bonds and may reduce the likelihood that the City will appropriate all of the revenues available from the Other Appropriation Sources to pay a portion of the debt service on the Outstanding Project Bonds, including the Series 2021 Bonds.

The City has approved the TIF Supplemental Appropriation Policy relating to the Non-Dedicated Appropriation Sources and certain General Fund revenues in order to provide for the retention of such revenues in an amount sufficient for the full payment of all of the City's tax increment financing obligations (including the Outstanding Project Bonds), after considering project-generated revenues anticipated to be available to pay such obligations. See **"ANTICIPATED REVENUE SOURCES – The City's Tax Increment Financing TIF Supplemental Appropriation Policy"** for more detail on the TIF Supplemental Appropriation Policy. The retention of amounts under the TIF Supplemental Appropriation Policy will be recommended to the City Council in connection with each annual budget, but such retention is ultimately subject to an annual decision of the City Council to appropriate funds for such purpose. There is no guarantee that the City Council will appropriate revenues for retention under the TIF Supplemental Appropriation Policy in an amount sufficient to pay the City's tax increment financing obligations (including the Outstanding Project Bonds) together with other funds available for such purpose.

Federal Investigation of Certain Transactions

In March of 2020, a federal grand jury issued a subpoena for records of closed-session (non-public) meetings held by the City Council of the City. Governing bodies of cities in Missouri are allowed by law to hold non-public meetings for a variety of purposes for which information discussed at such meetings may be detrimental if released to the public, including but not limited to buying or selling real estate and attorney-client matters such as litigation and contract negotiations. The three meetings for which records were requested were held on December 19, 2016, May 15, 2017 and October 23, 2017. During such meetings, the City Council discussed two transactions conducted by the City around the time of such meetings (although the City Council's discussion was not limited exclusively to such transactions). In one transaction, the City purchased approximately 94 acres of land and then leased the property to a private power company for the operation of a solar farm (the "Solar Farm Transaction"). In the other transaction, as part of the decommissioning of the "Missouri City Power Plant" that was once a part of the City's electric utility (known as "Independence Power & Light"), the City awarded a contract to demolish the Missouri City Power Plant (the "Power Plant Demolition Transaction"). The Solar Farm Transaction involved the purchase of property by the City for \$985,000, which property had been acquired by the seller within the prior year for \$550,000. The Power Plant Demolition Transaction involved the acceptance by the City of the higher of two bids received for the demolition project (the bid accepted was for approximately \$9.75 Million and the rejected bid was for approximately \$4.45 Million).

In March of 2020, the Federal Bureau of Investigations ("FBI") requested from the City copies of a resolution dated July 21, 2014 relating to the Power Plant Demolition Transaction, minutes of two meetings (June 27, 2016 and July 18, 2016), and a request for qualifications distributed by the City with respect to the Power Plant Demolition Transaction. In April of 2020, the FBI requested minutes of a June 23, 2017 meeting of the City utility board that advises the City Council on the governance of Independence Power & Light. In May of 2020, the FBI requested reimbursement receipts submitted by four members of the City Council and requested video of an April 3, 2017 City Council meeting. The Power Plant Demolition Transaction had been discussed at each of the meetings for which records were requested by the FBI. In June of 2020, the FBI requested data files establishing the boundaries of neighborhood council districts displayed on the City's website. The neighborhood councils are a system of not-for-profit entities at the neighborhood level that operate within defined boundaries and advocate for public services and improvements and economic development within their areas.

Based on the City's present knowledge and information available to the City, (1) the City does not believe that the investigations relate to the Redevelopment Area, the Project Bonds, or any expenditures, contracts or decision making related thereto, and (2) the City does not believe the ultimate resolution of the investigations will have a material adverse effect on the Pledged Revenues or Other Appropriation Sources or the City's overall financial condition.

Titan Fish Lawsuit

In July of 2020, Titan Fish Partners, LLC and a named individual filed a petition against the City and two City Council members (the "Titan Fish Lawsuit"). Titan Fish Partners, LLC is the seller of land to the City in the Solar Farm Transaction discussed above under **"BONDOWNERS' RISKS – Federal Investigation of Certain Transactions."** The petition claims that certain statements made by such City Council members to and reported in the *Kansas City Star* charged Titan Fish Partners, LLC with being under investigation by the FBI, and that such statements caused damage to the plaintiffs based on defamation, intentional infliction of emotional distress, and tortious interference with a business expectancy. A trial is currently set for July 26, 2021, subject to a motion for continuance that has yet to be considered by the trial court. The City does not believe the ultimate resolution of the Titan Fish Lawsuit will have a material adverse effect on the Pledged Revenues or Other Appropriation Sources or the City's overall financial condition.

Independent Accountants' Report on Applying Agreed-Upon Procedures Related to Crackerneck Creek Transactions

The City engaged RubinBrown LLP, an independent certified public accounting firm, to perform agreed-upon procedures and produce a report of findings for certain transactions relating to the Crackerneck Creek Redevelopment Area. The City specified the procedures to be performed in the agreed-upon procedures engagement. The agreed-upon procedures engagement was not an audit, examination or review of the transactions related to the Crackerneck Creek Redevelopment Area, and therefore, RubinBrown LLP did not express an opinion or conclusion about the information, supporting documents or accounting records. Rather, findings were reported related to each of the specified procedures performed.

The areas of focus for the agreed-upon procedures included transactions during the periods of January 1, 2013 through December 31, 2014 and January 1, 2017 through December 31, 2018 with respect to the following revenues: (1) PILOTS generated by the Crackerneck Creek Redevelopment Area, (2) EATS generated by the Crackerneck Creek Redevelopment Area, (3) State TIF Revenues generated by the Crackerneck Creek Redevelopment Area, (4) TDD Revenues generated by the Crackerneck TDD, (5) I-70 / Little Blue Parkway Revenues transferred for the benefit of the Crackerneck Creek Redevelopment Area, (6) EATS generated by the 39th Street Transportation Development District and captured within the Crackerneck Creek Redevelopment Area, and (7) Bass Pro Lease Payments. For each of these revenue streams, for the periods mentioned above, RubinBrown LLP obtained copies of underlying agreements relating to the collection and distribution of revenue, documented the formula for calculating the amounts of such revenue, recalculated the amounts of revenue based on the formula, and compared such calculated amounts to the City's records of collections. Additionally, the agreed-upon procedures included an inspection of records provided by City Staff and documentation of sales of property by the City within the Crackerneck Creek Redevelopment Area.

The results of the agreed-upon procedures as reported by RubinBrown LLP are summarized as follows: (1) EATS revenue calculations temporarily failed to exclude sales taxes generated by sleeping room charges, which was identified, corrected and retroactively adjusted, (2) the City once double-recoded a \$2,070 adjustment, causing an understatement of EATS revenues for that period, (3) the City's method of adjusting EATS revenues for the statutorily required exclusion of sales taxes generated by sleeping room charges resulted in underreporting of EATS revenues by approximately \$3,138 from April 2015 through July 2020 (4) the report noted that RubinBrown LLP was unable to obtain a list of the businesses remitting tax to the Crackerneck TDD, but that a comparison during the periods tested of the general ledger to the deposit notices

from the Missouri Department of Revenue produced no exceptions, (5) the agreements relating to the I-70 / Little Blue Parkway Revenues do not specify the frequency of transfers to the Crackerneck Creek Redevelopment Area accounts held by the City and the City has made transfers in some years but not in others, (6) two businesses were improperly excluded from the 39th Street Transportation Development District, resulting in an understatement of EATS revenues by an estimated amount of \$36,736 from February 2010 through July 2020, (7) an incorrect formula for adjusting out hotel room generated tax imposed by the 39th Street Transportation Development District resulted in an understatement of revenues of the Crackerneck Creek Redevelopment Area estimated at \$4,000, which the City corrected on an ongoing basis from the second calendar quarter of 2017 but did not retroactively adjust, (8) the City's working spreadsheet used for analysis of the Crackerneck Creek Redevelopment Area contained some clerical errors and update lags, but RubinBrown LLP recalculated TIF revenues and agreed to the general ledger without exception for EATS, PILOT and State contributions for the periods January 1, 2013 through December 31, 2014 and January 1, 2017 through December 31, 2018,, and (9) RubinBrown LLP inspected reports provided by the City which indicated no sales of property within the Crackerneck Creek Redevelopment Area generating sales proceeds for the benefit of the City.

Cybersecurity Risks

The City, like other public and private entities, relies on a large and complex technology environment to conduct its operations, and consequently faces the threat of cybersecurity incidents. Such incidents can result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's information technology systems to misappropriate assets or information or to cause operational disruption and damage. As a recipient and provider of personal, private or sensitive information, the City and its agencies and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems.

In July of 2020, the City began an investment program of over four million dollars in upgrades to its computer and information-technology systems in order to better prepare for potential cyber-attacks. On December 5, 2020, during the period in which such upgrades were being implemented, the City was hit with a ransomware attack. Ransomware works by attacking user files, encrypting them and essentially holding the information hostage in exchange for a payment. The attack was successful in encrypting and removing files, but did not infect any of the City's critical operational systems. The City took its entire network offline temporarily to assess the extent of the damage, during which time the City's online utility bill payment system and other publicly accessible features were unavailable. Because of the downtime, the City temporarily waived late fees and penalties for power and water customers and temporarily suspended residential utility shutoffs for failure to pay. The files encrypted and/or removed during the attack were backed up on other City data storage devices, so the City did not lose access to any of its system. The City is still investigating but has not discovered any personal or other sensitive information taken as part of the attack. The City has sent notices to customers cautioning them that information may have been subject to the attack. To date, no lawsuits have been filed against the City as a result of the attack. The City has since substantially completed its program of upgrades to provide increased protection against cyber-attacks.

It is possible that security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information or damage to operating systems resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City's computer and information-technology systems and the services they provide, or the unauthorized disclosure of confidential and other credit information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of computer and information-technology systems could interrupt the City's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties

and could have a material adverse effect on its operations and financial condition. The City does carry insurance to cover damages related to cyber-attacks.

Additional Parity Bonds

So long as the City is willing to commit its annual appropriation obligation to the repayment of applicable loan payments with respect to additional bonds, the City may issue or cause to be issued future bonds on a parity with other Project Bonds then outstanding for the purpose of refunding outstanding Project Bonds. This means that so long as the City is willing to commit its annual appropriation to the futures series of Project Bonds the City can encumber the Pledged Revenues, the EATS, the Bass Pro Lease Payments and the Bass Pro Store without limit and may pay debt service on such refunding Project Bonds from Pledged Revenues and Other Appropriation Sources.

Shortfalls Relating to Other Annual Appropriation Obligations

The City has a variety of obligations relating to bonds or leases issued for other redevelopment areas, municipal utilities, infrastructure projects and the Independence Events Center, which are secured by annual appropriations of the City. See **“FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – Revenue Obligations”** in **Appendix A** hereto. Any shortfall in the intended revenue sources for these obligations may decrease the City’s willingness or ability to continue to appropriate moneys sufficient to make Loan Payments under the Financing Agreement relating to the Bonds. The Other Appropriation Sources as well as amounts in the City’s General Fund and other legally available funds could serve as a source of appropriations for the City’s other annual appropriation obligations as well as the Outstanding Project Bonds and there is no guarantee as to how the City would prioritize payment in case of shortfalls with respect to various tranches of obligations. See **“FINANCIAL INFORMATION CONCERNING THE CITY – Debt Service on Obligations Secured by Annual Appropriations,”** in **Appendix A** hereto, for a table showing debt service on all outstanding obligations of the City secured by annual appropriations.

Enforcement of Remedies

The enforcement of the remedies under the Indenture, the Financing Agreement, and the Bass Pro Lease may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the delivery of the Series 2021 Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors’ rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

Amendment of Indenture

Certain amendments to the Indenture and the Financing Agreement may be made without the consent of or notice to the registered owners of the Bonds. Such amendments may adversely affect the security for the Bonds. See **“APPENDIX E - DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS.”** In addition to the foregoing, in some jurisdictions outside the State of Missouri, there are a variety of trust instruction procedure (“TIP”) statutes, which generally allow judicially supervised remedies for trust estates of trustees that have a nexus, such as the Trustee’s office, with such jurisdiction. Under such TIP statutes, such jurisdictions may allow or order the Trustee to amend the documents relating to the Bonds in contravention of the manner provided for in these documents, including

without limitation allowing the Trustee to disregard provisions requiring the consent of the holders of the Bonds prior to certain amendments of these documents.

Early Redemption Prior to Maturity

Any person who purchases a Series 2021 Bond at a price in excess of its principal amount or who holds such Series 2021 Bond trading at a price in excess of par should consider the fact that the Series 2021 Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the section herein captioned **“THE SERIES 2021 BONDS – Redemption.”**

Debt Service Reserve Fund

At the time of issuance of the Series 2021 Bonds, an account in the Debt Service Reserve Fund will be established for the Series 2021 Bonds, and a deposit will be made to such account in an amount equal to, or in satisfaction of, the Debt Service Reserve Requirement. See **“SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Debt Service Reserve Fund”** herein. There can be no assurance that the amounts on deposit in such account of the Debt Service Reserve Fund will be available if needed for payment of the Series 2021 Bonds in the full amount of the Debt Service Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred to the Debt Service Fund, sufficient revenues may not be available to replenish the Debt Service Reserve Fund to the Debt Service Reserve Requirement.

On the issuance date of the Series 2021 Bonds, a deposit will be made to the Debt Service Reserve Fund account established for the Series 2021 Bonds in an amount equal to the least of (1) 10% of the stated principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds are sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (2) the maximum annual principal and interest requirements on the Series 2021 Bonds, determined as of the issuance date, or (3) 125% of the average annual principal and interest requirements on the Bonds, determined as of the issuance date (the initial “Debt Service Reserve Requirement”). However, the Debt Service Reserve Requirement is subject to reduction on any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, to an amount equal to the least of (a) 10% of the original principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for the Series 2021 Bonds during each Fiscal Year subsequent to such date in which Series 2021 Bonds remain Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the Debt Service Reserve Fund Requirement over the amount required immediately prior to such calculation.

Determination of Taxability

The Series 2021 Bonds are not subject to redemption, nor are the interest rates on the Series 2021 Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Series 2021 Bond is or was includible in the gross income of the owner of a Series 2021 Bond for federal income tax purposes. Such determination may, however, result in a breach of tax covenants, which may constitute an event of default under the Indenture. Likewise, the Indenture does not require the redemption of the Series 2021 Bonds or the adjustment of interest rates on the Series 2021 Bonds if the interest thereon loses its exemption from income taxes imposed by the State. ***It may be that Bondowners would continue to hold their Bonds, receiving principal and interest as and when due, but would be required to include such interest payments in gross income for Missouri and federal income tax purposes.***

Risk of Audit

The Internal Revenue Service (the “Service”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2021 Bonds. Owners of the Series 2021 Bonds are advised that, if an audit of the Series 2021 Bonds were commenced, in accordance with its current published procedures, the Service is likely to treat the Board as the taxpayer, and the owners of the Series 2021 Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2021 Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Lack of Secondary Market for the Series 2021 Bonds

No assurance can be given that a secondary market for the Series 2021 Bonds will develop following the completion of the offering of the Series 2021 Bonds.

Defeasance Risks

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Board shall pay or provide for the payment of such Bonds in any one or more of the following ways: (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable; (b) by delivering such Bonds to the Trustee for cancellation; or (c) by depositing in trust with the Trustee or other Paying Agent moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice. Government Obligations include the following: (a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture that Government Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include any rating of the Series 2021 Bonds, if the Series 2021 Bonds are then rated, defeased with Government Obligations to the extent the Government Obligations have a change or downgrade in rating.

LITIGATION

The Board

There is not now pending or, to the knowledge of the Board, threatened any litigation against the Board seeking to restrain or enjoin the issuance or delivery of the Series 2021 Bonds, or questioning or affecting the validity of the Series 2021 Bonds or the proceedings of the Board under which they are to be issued, or which in any manner questions the right of the Board to enter into the Indenture or the Financing Agreement or to secure the Series 2021 Bonds in the manner provided in the Indenture or the Act.

The City

There is not now pending or, to the knowledge of the City, threatened any litigation against the City seeking to prohibit, restrain, or enjoin the issuance, sale, or delivery of the Series 2021 Bonds or the collection of the Trust Estate pledged or to be pledged by the Board to pay the principal of and interest on the Series 2021 Bonds, or the pledge thereof, which in any manner questions the right of the City to enter into the Financing Agreement or to secure the City's Loan Payments with respect to the Series 2021 Bonds in the manner provided in the Financing Agreement or as described herein, or affecting or seeking to prohibit, restrain or enjoin the City's covenant for the City Manager or Acting City Manager to include or cause to be included in each budget submitted to the City Council the necessary annual appropriation for the Loan Payments as required under the Financing Agreement.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2021 Bonds by the Board are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion will be delivered with the Series 2021 Bonds. Certain legal matters will be passed upon for the Board by its counsel, Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters relating to the Official Statement will be passed upon for the City by Gilmore & Bell, P.C., Kansas City, Missouri. Certain legal matters will be passed upon for the City by its City Counselor. Certain legal matters will be passed upon for the Underwriter by its co-counsel, Orrick, Herrington & Sutcliffe LLP and Armstrong Teasdale LLP.

The various legal opinions to be delivered concurrently with the delivery of the Series 2021 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2021 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2021 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2021 Bonds in the secondary market. Prospective

investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2021 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2021 Bonds:

Federal and Missouri Tax Exemption. The interest on the Series 2021 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. Interest on the Series 2021 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2021 Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

Bond counsel’s opinions are provided as of the date of the original issue of the Series 2021 Bonds, subject to the condition that the Board and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2021 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2021 Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Series 2021 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2021 Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Series 2021 Bond over its issue price. The issue price of a Series 2021 Bond is the first price at which a substantial amount of the Series 2021 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2021 Bond during any accrual period generally equals (1) the issue price of that Series 2021 Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2021 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2021 Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2021 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2021 Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2021 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2021 Bond. Under Section 171 of the Code, the purchaser of that Series 2021 Bond must amortize the premium over the term of the Series 2021 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2021 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2021 Bond prior

to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2021 Bond, an owner of the Series 2021 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2021 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2021 Bond. To the extent a Series 2021 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2021 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2021 Bonds, and to the proceeds paid on the sale of the Series 2021 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2021 Bonds should be aware that ownership of the Series 2021 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2021 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2021 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2021 Bonds, including the possible application of state, local, foreign and other tax laws.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the Series 2021 Bonds the rating shown on the cover page of this Official Statement. Such rating reflects only the view of S&P, and any further explanation of the significance of such rating may be obtained only from the rating agency. The rating does not constitute a recommendation by the rating agency to buy, sell or hold any bonds, including the Series 2021 Bonds. There is no assurance that any rating when assigned to the Series 2021 Bonds will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of the rating assigned to the Series 2021 Bonds may have an adverse effect on the market price of the Series 2021 Bonds.

FINANCIAL STATEMENTS

Audited financial statements of the City for the fiscal year ended June 30, 2020 are included in **Appendix B** hereto. The financial statements for the fiscal year ended June 30, 2020 have been audited by Rubin Brown LLP, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in **Appendix B** hereto. Rubin Brown LLP, the City's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the

financial statements addressed in that report. Rubin Brown LLP also has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

The City will execute a Continuing Disclosure Undertaking with respect to ongoing disclosure which will constitute the written understanding for the benefit of the holders of the Series 2021 Bonds required by Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. A form of the Continuing Disclosure Undertaking is included in **Appendix J**. The Board has determined that no financial or operating data concerning the Board is material to an evaluation of the offering of the Series 2021 Bonds or to any decision to purchase, hold or sell Series 2021 Bonds and the Board will not provide any such information. Any commitment or obligation for continuing disclosure with respect to the Series 2021 Bonds or the City has been undertaken solely by the City.

The City has previously entered into continuing disclosure undertakings similar to the Continuing Disclosure Undertaking related to most of the outstanding bonds listed in **Appendix A** under the heading “**FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City – General Obligation Debt**” and “– *Revenue Obligations.*” The City believes it has complied in all material respects during the past five years with its prior undertakings, except as follows:

- For fiscal years ended June 30, 2016 through 2018, the City timely filed its audited financial statements on EMMA; however, the audited financial statements were not timely linked to all CUSIP numbers for the Series 2012F Bonds, Series 2013A Bonds and Series 2014C Bonds (described in **Appendix A** hereto).
- For the fiscal year ended June 30, 2015, the City did not timely file its audited financial statements on EMMA and such audited financial statements were not initially properly linked to all CUSIP numbers for the Series 2013A Bonds and Series 2014C Bonds (described in **Appendix A** hereto).
- For fiscal years ended June 30, 2016 through 2018, the City timely filed the required operating data on EMMA under its Series 2012F Bonds and Series 2014C Bonds (described in **Appendix A** hereto); however, this information was not timely linked to all CUSIP numbers for the Series 2012F Bonds and Series 2014C Bonds.
- For fiscal years ended June 30, 2015 through 2018, the City did not file certain categories of operating data on EMMA required to be provided pursuant to its prior continuing undertakings entered into in connection with the City’s then-outstanding tax increment financing loan obligations and obligations related to the City’s Events Center evidenced by infrastructure facilities revenue bonds issued by the Board (as more fully described in **Appendix A** hereto) in the level of detail required by the continuing disclosure undertakings relating to certain of such bonds. Aggregate information relating to revenues required to be disclosed was available as part of the City’s comprehensive annual financial reports filed for such years, but certain continuing disclosure undertakings called for revenue information at a more detailed level. On December 26, 2019, the City, with the assistance of Gilmore & Bell, P.C. whom the City has since engaged to assist the City with ongoing continuing disclosure obligations as further discussed below, filed a supplemental report containing such information for fiscal years ended June 30, 2014 through 2018.
- In addition, the City did not file event notices relating to certain bond redemptions, defeasances or rating changes for certain prior bond issues for which it was the “obligated person” in full compliance with its prior continuing disclosure undertakings. The City

believes, however, that any prior deficiency with respect to those event notices is not material, as the information was disseminated or available through other sources. Notwithstanding the foregoing, the City has posted notice of such rating changes in March 2021.

To the extent that the above-referenced failures to comply could be remedied, the City has made the corrective filings with EMMA and corrected linking to all respective CUSIP numbers. Similarly, while the City has not always timely filed applicable notices of failures to file, the City has ensured all such filings have been made.

For Fiscal Year 2019, the City's audited financial statements were not available by the filing deadline required under its prior undertakings. In accordance with its prior undertakings, the City filed unaudited financial statements on December 26, 2019, and filed its audited financial statements when they became available, although this was not until May 26, 2020. The reasons for this extended delay include the City's employment of a new auditor starting with Fiscal Year 2019, the implementation of new financial software in Fiscal Year 2019, inefficiencies caused by turnover in City staff, difficulties in completing the audit while complying with COVID-19 social distancing measures at City Hall, and additional single-audit procedures performed by the auditor in response to the investigation of certain transactions described under **"BONDOWNERS' RISKS – Federal Investigation of Certain Transactions."**

For Fiscal Year 2020, the City's audited financial statements were not available by the filing deadline required under its prior undertakings. In accordance with its prior undertakings, the City filed unaudited financial statements on December 23, 2020, and filed its audited financial statements when they became available on January 6, 2021.

In order to promote future compliance with its continuing disclosure undertakings, the City engaged Gilmore & Bell, P.C., to assist the City in better meeting its continuing disclosure obligations. The City's current engagement with Gilmore & Bell, P.C., is for five-years, beginning with the City's continuing disclosure obligations for fiscal year ended June 30, 2020. Additionally, in connection with the authorization of the Series 2021 Bonds, the City adopted a new continuing disclosure compliance policy for the purpose of formalizing procedures to better ensure compliance with its continuing disclosure undertakings and designating a specific City staff member as having responsibility for continuing disclosure and ensuring that such staff member understands the City's continuing disclosure obligations. The City believes the actions described in this paragraph establish processes sufficient to ensure that in the future it will make its continuing disclosure filings as required.

UNDERWRITING

The Series 2021 Bonds are being purchased by Goldman Sachs & Co. LLC (the "Underwriter"). The Underwriter has agreed to purchase the Series 2021 Bonds pursuant to a Bond Purchase Agreement entered into by and among the Board, the City and the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase the Series 2021 Bonds at a purchase price of \$_____ (which represents the principal amount of the Series 2021 Bonds less an underwriter's discount of \$_____ and less net original issue discount / plus net original issue premium of \$_____). In addition, the Bond Purchase Agreement provides, among other things, that the Underwriter will purchase all of the Series 2021 Bonds if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2021 Bonds to the public. The City has agreed in the Bond Purchase Agreement to indemnify the Underwriter against certain liabilities. The obligations of the Underwriter to purchase and accept delivery of the Series 2021 Bonds are subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriter and its respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC (the “Municipal Advisor”) has acted as municipal advisor to the City in connection with the sale of the Series 2021 Bonds. The Municipal Advisor has assisted the City in matters relating to the planning, structuring and delivery of the Series 2021 Bonds and various other debt related matters. The Municipal Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Series 2021 Bonds.

VERIFICATION AGENT

Upon delivery of the Series 2021 Bonds, Ritz & Associates PA, a firm of independent certified public accountants, will deliver to the Underwriter a report verifying the mathematical accuracy of certain computations relating to the adequacy of the maturing principal amount of the securities held in the accounts of the Escrow Fund, interest earned thereon and certain uninvested cash to pay the redemption prices of the Refunded Bonds. The report will also verify the mathematical accuracy of the calculation of the make-whole redemption price of the Series 2006B Refunded Bonds. Such verification of the accuracy of the computations will be based upon information supplied by the Underwriter and on interpretations of the Code provided by Bond Counsel.

MISCELLANEOUS

The references herein to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Undertaking are brief outlines of certain provisions thereof and do not purport to be complete. For full and complete statements of the provisions thereof, reference is made to the Act, the Indenture, the Financing Agreement and the Continuing Disclosure Undertaking. Copies of such documents are on file at the offices of the Underwriter and following delivery of the Series 2021 Bonds will be on file at the office of the Trustee as described above under the caption **“INTRODUCTORY STATEMENT - Definitions and Summaries of Legal Documents”**.

The agreement of the Board with the owners of the Series 2021 Bonds is fully set forth in the Indenture, and neither any advertisement of the Series 2021 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2021 Bonds. Statements made in this Official Statement involving estimates, projections or matters of opinion, whether or not expressly so stated, are intended merely as such and not as representations of fact.

[remainder of page intentionally left blank]

The Cover Page hereof and the Appendices hereto are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The execution and delivery of this Official Statement has been duly authorized by the City, and its use has been approved by the Board.

CITY OF INDEPENDENCE, MISSOURI

By: _____
City Manager

APPENDIX A

INFORMATION CONCERNING THE CITY OF INDEPENDENCE, MISSOURI

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF INDEPENDENCE,
MISSOURI FOR FISCAL YEAR ENDED JUNE 30, 2020**

APPENDIX C

THE CITY'S 2020-2021 OPERATING BUDGET

APPENDIX D

THE BASS PRO STORE, THE BASS PRO LEASE AND THE STATUS OF THE DEVELOPER

The Bass Pro Store and the Bass Pro Lease

On June 16, 2004 the City entered into a Lease with Options with Bass Pro Outdoor World, L.L.C., a Missouri limited liability company ("Bass Pro"). The Bass Pro Lease was amended pursuant to the Amendment to Bass Pro Lease with Options dated December 20, 2004 and the Second Amendment to Lease With Options dated March 6, 2006. The lease and the amendments thereto are referred to herein as the "Bass Pro Lease" or the "Lease."

Pursuant to the Bass Pro Lease, the City leases to Bass Pro approximately twenty (20) acres on which Bass Pro constructed a "Bass Pro Shops Outdoor World" retail store building containing approximately 160,000 square feet (the "Bass Pro Store"), which is in excess of the minimum requirement of 150,000 square feet contained in the Bass Pro Lease. \$25,000,000 of the cost of constructing the Bass Pro Store was funded by the City through the issuance of a series of Project Bonds. The City also constructed and made available to Bass Pro approximately 600 parking spaces pursuant to the terms of the Bass Pro Lease. The Bass Pro Store offers the general public retail sales of sporting goods, sporting equipment and sporting services primarily relating to fishing, hunting, camping and boating. The Bass Pro Store opened in March, 2008.

The initial term of the Lease is 20 years, beginning at the commencement date of the Lease. Bass Pro has the option to renew the Lease for nine one-year periods, and three five-year periods. During the initial 20 year term, Bass Pro is required to pay the City rent equal to 2% of "Gross Sales," except for sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which Bass Pro is obligated to pay 1% with a maximum of \$250 per such boat or vehicle sold. In addition, Bass Pro is obligated to pay "Minimum Percentage Rent" of \$1,000,000 during each year of the initial term. All such rental payments are referred to herein as the "Bass Pro Lease Payments." Historically Bass Pro has never exceeded the \$1,000,000 Minimum Percentage Rent.

Pursuant to the Lease, Bass Pro covenanted that it would open for business on the commencement date stated in the Lease and it will remain open and continuously operate under the Bass Pro trade name during the entire 20 year initial term (the "Operating Covenant Period"). Following the Operating Covenant Period, Bass Pro will have no obligation to remain open for business to the public. The Operating Covenant Period runs through the year 2026.

During any of the nine one-year renewal options, Bass Pro will pay rent equal to \$10 per year. However, if the TIF bond financing provided by the City in a maximum amount of \$35,000,000 (the "Leased Premises TIF") has not been fully paid at the expiration of the initial term, then during each year thereafter (if any) until the Leased Premises TIF has been paid in full or until the expiration of the third one-year renewal option (if exercised by Bass Pro), whichever occurs first, Bass Pro shall be obligated to pay \$1,000,000 per year. During any of the three five year renewal options, Bass Pro will pay rent equal to 1% of Gross Sales in excess of \$30,000,000, except for Gross Sales respecting sales of boats, recreational vehicles, off-road vehicles and all-terrain vehicles, which shall be 0.5% of such Gross Sales. The Leased Premises TIF includes \$35,000,000 of Project Bonds and has not yet been fully paid.

Bass Pro prevailed in litigation with the City over the amount owed by Bass Pro for a construction license surcharge related to construction of the Bass Pro Store. Including related attorneys fees, the City paid to Bass Pro approximately \$460,000 related to the verdict from a non-General Fund source.

The City and Bass Pro settled litigation related to the initial lease payment. Thereafter, rent payments have been paid on time by Bass Pro, with the exception of rent due for two months during the COVID-19 response, which have since been caught up. Upon a default by the City under the Bass Pro Lease, Bass Pro may pursue all available legal and equitable remedies, including termination of the lease.

As a result of the City's ownership, the land on which the Bass Pro Store is located is exempt from real estate taxes.

Under the Lease, Bass Pro has the option to purchase the Bass Pro Store at the expiration of the 20 year initial term and at the expiration of any renewal option for a purchase price equal to 90% of the fair market value thereof as determined by an MAI appraisal.

The Lease also required the City to purchase, prepare and give to Bass Pro at no cost an approximate five acre parcel located near or adjacent to the Bass Pro Store to be used for the construction of a hotel containing at least 150 rooms (the "Hotel") and such other improvements thereon as desired by Bass Pro. Bass Pro agreed that (subject to force majeure) it would cause the Hotel to be open for business within two (2) years of the opening date of the Bass Pro Store. Because the two year period expired without any progress by Bass Pro toward the construction of the Hotel, the City took control of the Hotel site and subsequently deeded it to the Developer described below. Any sales generated from the Hotel will be excluded from Bass Pro's gross sales and will not be included in the calculation of rent due under the Bass Pro Lease. This site is the location of the Stoney Creek Inn.

Under the Lease the City also constructed at its cost an approximate 15-acre lake and an additional wilderness/habitat area of approximately 15 acres. The City park includes a waterfall and presents a unique natural setting. The lake and park development was completed at approximately the same time the Bass Pro Store opened for business.

Status of Developer

To implement the Crackerneck Creek Project, the City and Crackerneck Creek, L.L.C. (the "Developer") entered into the Tax Increment Financing Redevelopment Agreement dated as of February 9, 2005, as amended by that certain First Amendment dated March 16, 2006 (collectively, the "TIF Agreement"). Pursuant to the TIF Agreement, the Developer was obligated to produce commitments for Additional Retail Development according to the Additional Retail Development Leasing Schedule that is attached to the TIF Agreement. On December 1, 2006, the City provided a written demand to Developer to engage a national leasing firm to assist in obtaining leases for Additional Retail Development, as defined in the TIF Agreement, and to take certain actions as required by the TIF Agreement to produce the required amount of Additional Retail Development in accordance with the Additional Retail Development Leasing Schedule.

The Developer failed to take the requested action, and on June 22, 2007, the City provided written notice to the Developer stating "[d]eveloper is hereby terminated as the developer of record under the TIF Agreement" for Developer's failure to comply with certain provisions of the TIF Agreement, relating to compliance with the Additional Retail Development Leasing Schedule and the submission of covenants, conditions and restrictions that will be applicable to the Crackerneck Creek Project.

On February 7, 2008, the City and Developer entered into an Agreement for Stay of Termination (the "Stay of Termination"). Under the provisions of the Stay of Termination, the City consented to stay the provisions of the termination until June 30, 2008 to provide the Developer additional time to procure retail development for the project. Because commitments for such retail development have not been secured, the City can proceed at any time with the termination of the Developer and the Developer has expressly waived any ability to challenge the termination proceedings as part of the Stay of Termination. The City has not yet acted to permanently terminate Developer as the developer of record under the Redevelopment Agreement.

Subsequent to the execution of the Stay of Termination, the City and Developer have entered into an “Agreement for Parcel Development in the Falls at Crackerneck Project” dated October 9, 2008 (the “Parcel Development Agreement”). Under the terms of the Parcel Development Agreement, the City agrees to make up to \$5,054,100 from amounts saved under the original public improvements budget available to the Developer to assist in funding actual development costs of certain parcels in the Crackerneck Creek project for the Hobby Lobby store that opened in the Crackerneck Creek Project in 2009, a hotel and other potential development. Subsequent to the execution of the Parcel Development Agreement, the City and Developer agreed that \$425,000 of the \$5,054,100 made available under the Parcel Development Agreement would be reimbursed to the Developer for site costs related to the construction of a Cheddars restaurant at the Crackerneck Creek Project.

In 2007 and 2008 the Developer protested the assessed value assigned by Jackson County, Missouri, to certain property in the Crackerneck Creek Redevelopment Area. During the time the protest was pending, the PILOTS attributable to such parcels were not available to the City to pay debt service on the Project Bonds. The protest was resolved in 2009 and all PILOT payments from the Crackerneck Creek Project eventually became available to the City. While the assessed value and property taxes in the Crackerneck Creek Redevelopment Area have not been protested since that time, there can be no assurance that future valuations of property in the Crackerneck Creek Redevelopment Area will not be subject to protest.

In a letter dated November 25, 2019, the Developer requested that the City begin to make payment of approximately \$8.7 Million in amounts that the Developer claims are due to it under the various agreements described above. Such amounts have been the subject of an exchange of requests and responses between the Developer and the City dating back to 2017. In early 2020, the City reiterated its position to the Developer that, although some reimbursable amounts may have been incurred by the Developer in addition to what has been paid by the Project Bonds, such amounts are payable only from a portion of the revenues generated by the Crackerneck Creek Project after debt service on the Project Bonds is provided for, and such revenues are currently not sufficient to pay debt service on the Project Bonds, leaving nothing for payment of reimbursable project costs.

It is impossible to predict whether any future development will occur or whether the existing businesses will continue in operation. The Developer has requested that the City consider an amendment to the Crackerneck Creek Tax Increment Financing Plan that would allow the Developer to pursue opportunities to construct a multifamily residential complex within the Crackerneck Creek Redevelopment Area, which is not currently authorized under the Crackerneck Creek Tax Increment Financing Plan. The City’s Tax Increment Financing Commission has recommended approval of the amendment to City Council, but City Council has not yet determined whether it will approve the amendment. It is anticipated that a portion of any PILOTS generated by such new development would be distributed to the taxing districts. The City is not aware of any other potential developments within the Crackerneck Creek Redevelopment Area.

APPENDIX E

DEFINITIONS OF WORDS AND TERMS AND SUMMARIES OF CERTAIN LEGAL DOCUMENTS

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Indenture, the Financing Agreement and this Official Statement unless the context clearly otherwise requires. The summary of the Authorizing Ordinance contained herein has separate definitions as set forth herein.

“Act” means the Missouri Development Finance Board Act, Sections 100.250 to 100.297, inclusive, of the Revised Statutes of Missouri, et seq., as from time to time amended.

“Additional Bonds” means any additional parity bonds issued by the Board pursuant to the Indenture that stand on a parity and equality under the Indenture with the Series 2015C Bonds and the Series 2021 Bonds.

“Authorizing Ordinance” means the Ordinances of the City authorizing the execution of documents relating to the Series 2015C Bonds and the Series 2021 Bonds.

“Bond” or **“Bonds”** means the Series 2015C Bonds, the Series 2021 Bonds and any Additional Bonds issued pursuant to the Indenture.

“Bond Issuance Date” means October 20, 2015 with respect to the Series 2015C Bonds and, with respect to the Series 2021 Bonds, the date on which the Series 2021 Bonds are issued.

“Business Day” means a day on which the Trustee and any Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“Continuing Disclosure Undertaking” means, (1) with respect to the Series 2015C Bonds, the Continuing Disclosure Undertaking executed by the City for the benefit of holders of the Series 2015C Bonds, as from time to time amended in accordance with the provisions thereof, and (2) with respect to the Series 2021 Bonds, the Continuing Disclosure Undertaking executed by the City for the benefit of holders of the Series 2021 Bonds, as from time to time amended in accordance with the provisions thereof.

“Debt Service Fund” means the fund by that name created by the Indenture.

“Debt Service Reserve Fund” means the fund by that name created by the Indenture.

“Debt Service Reserve Fund Requirement” means (1) with respect to the Series 2015C Bonds, an amount equal to \$3,489,192.01, (2) with respect to the Series 2021 Bonds, an amount calculated as described in the body of the Official Statement on the Bond Issuance Date and, on any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, an amount equal to the least of (a) 10% of the original principal amount of the Series 2021 Bonds (or, if the Series 2021 Bonds were sold with more than a *de minimis* amount of original issue discount or premium, the issue price of the Series 2021 Bonds, excluding pre-issuance accrued interest, as those terms are defined in the Code, shall be used in the calculation), (b) the maximum annual principal and interest requirements for the Series 2021 Bonds during any Fiscal Year subsequent to such date, and (c) 125% of the average annual principal and interest requirements for the Series 2021 Bonds during each Fiscal Year subsequent to such date in which Series 2021 Bonds remain Outstanding, as computed and determined by the City and specified in writing to the Trustee in accordance with the Indenture, provided that no such calculation shall result in an increase to the

Debt Service Reserve Fund Requirement over the amount required immediately prior to such calculation, and (3) with respect to Additional Bonds that are entitled to the benefit of a reserve fund, the amount, if any, specified in the Supplemental Indenture authorizing the issuance of said Additional Bonds.

“Default” means any event or condition which constitutes, or with the giving of any requisite notice or upon the passage of any requisite time period or upon the occurrence of both would constitute, an event of default.

“Defeasance Obligations” means:

- (a) Government Obligations which are not subject to redemption prior to maturity; or
- (b) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations).

“Event of Nonappropriation” means failure of the City to budget and appropriate on or before the last day of any Fiscal Year, moneys sufficient to pay the Loan Payments and reasonably expected Additional Payments due and payable during the next Fiscal Year.

“Fiscal Year” means the City’s fiscal year, which is currently July 1 to June 30, or as it may be later defined by the City in a supplement to the Indenture.

“Financing Agreement” means the Original Financing Agreement as amended and supplemented by the First Supplemental Financing Agreement and as further amended and supplemented as from time to time by Supplemental Financing Agreements in accordance with the provisions of the Financing Agreement.

“First Supplemental Financing Agreement” means the First Supplemental Financing Agreement dated as of June 1, 2021 between the Board and the City.

“First Supplemental Indenture” means the First Supplemental Bond Trust Indenture, dated June 1, 2021 between the Board and the Trustee.

“Indenture” means the Original Indenture as originally executed by the Board and the Trustee, as amended and supplemented by the First Supplemental Indenture, and as further amended and supplemented from time to time by Supplemental Indentures in accordance with the provisions of the Indenture.

“Government Obligations” means the following:

- (a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America; and
- (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

“Loan” means the loan of the proceeds of the Bonds made by the Board to the City pursuant to the Financing Agreement.

“Loan Payment Date” means on or before the Business Day preceding the date any payment is due on the Series 2015C Bonds or the Series 2021 Bonds.

“Opinion of Bond Counsel” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the Board and the Trustee who shall be nationally recognized as expert in matters pertaining to the validity of obligations of governmental issuers and the exemption from federal income taxation of interest on such obligations.

“Opinion of Counsel” means a written opinion in the form described in the Indenture of any legal counsel acceptable to the City and the Trustee and, to the extent the Board is asked to take action in reliance thereon, the Board, who may be an employee of or counsel to the Trustee or the City.

“Original Financing Agreement” means the Financing Agreement dated as of October 1, 2015, between the Board and the City.

“Original Indenture” means the Bond Trust Indenture dated as of October 1, 2015, between the Board and the Trustee.

“Outstanding” means when used with respect to Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Indenture, except:

- (1) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation as provided in the Indenture;
- (2) Bonds for whose payment or redemption money or Government Obligations in the necessary amount has been deposited with the Trustee or any Paying Agent in trust for the owners of such Bonds as provided in the Indenture, provided that, if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made;
- (3) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Indenture; and
- (4) Bonds alleged to have been destroyed, lost or stolen which have been paid as provided in the Indenture.

“Paying Agent” means the Trustee and any other commercial bank or trust institution organized under the laws of any state of the United States of America or any national banking association designated pursuant to the Indenture or any Supplemental Indenture as paying agent for any series of Bonds at which the principal of, redemption premium, if any, and interest on such Bonds shall be payable.

“Permitted Investments” means, if and to the extent the same are at the time legal for investment of funds held under the Indenture:

- (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below);
- (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of Treasury of the United States of America;
- (3) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export - Import Bank,
- Farm Credit System Financial Assistance Corporation,
- Rural Economic Community Development Administration (formerly the Farmers Home Administration),
- General Services Administration,
- U.S. Maritime Administration,
- Small Business Administration,
- Government National Mortgage Association (GNMA),
- U.S. Department of Housing & Urban Development (PHA's),
- Federal Housing Administration, and
- Federal Financing Bank;

(4) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by Standard & Poor's issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC),
- Obligations of the Resolution Funding Corporation (REFCORP), and
- Senior debt obligations of the Federal Home Loan Bank System;

(5) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(6) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

(7) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(8) Pre-refunded Municipal Obligations, defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Standard & Poor's and Moody's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate; provided, however, that Pre-refunded

Municipal Obligations meeting the requirements of this subparagraph (B) may not be used as Permitted Investments without the prior written approval of Standard & Poor's.

(9) general obligations of states with a rating of at least "A2/A" or higher by both Moody's and Standard & Poor's; and

(10) investment agreements (supported by appropriate opinions of counsel) with notice to Standard & Poor's.

The value ("Value"), which shall be determined as provided in the Indenture, of the above investments shall be calculated as follows: (a) as to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; (b) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times*: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; (c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and (d) as to any investment not specified above: the value thereof established by prior agreement between the City and the Trustee.

"Person" means any natural person, firm, association, corporation, partnership, limited liability company, joint stock company, a joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"Prime Rate" means, for any date of determination, the interest rate per annum publicly announced from time to time by the Trustee as its "prime rate."

"Refunded Bonds" all of the outstanding Series 2006B Bonds, all of the outstanding Series 2013A Bonds and all of the outstanding Series 2013B Bonds.

"Series 2006B Bonds" means the \$14,030,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project), Series 2006B, issued by the Board.

"Series 2013A Bonds" means the \$14,005,000 Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013A, issued by the Board.

"Series 2013B Bonds" means the \$10,835,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013B, issued by the Board.

"Series 2015C Bonds" means the \$47,060,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C, issued by the Board.

"Series 2021 Bonds" means the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021, issued by the Board pursuant to the Indenture.

"Standard & Poor's" means Standard & Poor's Ratings Services, a Division of The McGraw Hill Companies, Inc., New York, New York, and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating service designated by the City, with notice to the Board and the Trustee.

“TIF Act” means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800-99.865 of the Revised Statutes of Missouri, as amended.

“Transaction Documents” means the Indenture, the Bonds, the Financing Agreement, the Official Statement relating to the Bonds, the Continuing Disclosure Undertaking, the Tax Compliance Agreement, the Authorizing Ordinance and any and all other documents or instruments that evidence or are a part of the transactions referred to in the Indenture, the Financing Agreement or the Official Statement or contemplated by the Indenture, the Financing Agreement or the Official Statement; and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a particular party, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

“Unassigned Board’s Rights” means the Board’s rights to reimbursement and payment of its costs and expenses under the Financing Agreement, its rights of access under the Financing Agreement, its rights to exemption from liability under the Financing Agreement, its rights to receive notices, reports and other statements and its rights to consent to certain matters.

* * *

SUMMARY OF THE BOND TRUST INDENTURE

The following is a summary of certain provisions contained in the Indenture. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Indenture for a complete recital of the terms thereof.

Trust Estate

To declare the terms and conditions upon which Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Bonds issued and Outstanding under the Indenture from time to time according to their tenor and effect and to secure the performance and observance by the Board of all the covenants, agreements and conditions contained in the Indenture and in the Bonds, and in consideration of the premises, the acceptance by the Trustee of the trusts created by the Indenture, the purchase and acceptance of the Bonds by the owners thereof, the Board transfers in trust, pledges and assigns to the Trustee, and grants a security interest to the Trustee in, the property described in paragraphs (a), (b) and (c) below (said property referred to as the “Trust Estate”):

(a) All rights, title and interest of the Board (including, but not limited to, the right to enforce any of the terms thereof) in, to and under (1) the Financing Agreement, including, without limitation, all Loan Payments and other payments to be received by the Board and paid by the City under and pursuant to and subject to the provisions of the Financing Agreement (except the Board’s rights to payment of its fees and expenses and to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and (2) all financing statements or other instruments or documents evidencing, securing or otherwise relating to the loan of the proceeds of the Bonds; and

(b) All moneys and securities (except moneys and securities held in the Rebate Fund) from time to time held by the Trustee under the terms of the Indenture; and

(c) Any and all other property (real, personal or mixed) of every kind and nature from time to time, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security under the Indenture by the Board or by anyone in its behalf or with its written consent, to the Trustee,

which is authorized by the Indenture to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture.

The Trustee shall hold in trust and administer the Trust Estate, upon the terms and conditions set forth in the Indenture for the equal and pro rata benefit and security of each and every owner of Bonds, without preference, priority or distinction as to participation in the lien, benefit and protection of the Indenture of one Bond over or from the others, except as otherwise expressly provided in the Indenture.

The Board covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Bonds, that all Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee, subject to the further covenants, conditions and trusts as set forth in the Indenture.

Authorization of Additional Bonds

Additional Bonds may be issued under and equally and ratably secured by the Indenture on a parity (except as otherwise provided in the Indenture) with the Series 2015C Bonds, the Series 2021 Bonds and any other Additional Bonds at any time and from time to time, upon compliance with the conditions set forth in the Indenture and in the Financing Agreement, for any purpose authorized under the Act.

Before any Additional Bonds are issued under the provisions of the Indenture, the Board shall adopt a resolution (1) authorizing the issuance of such Additional Bonds, fixing the principal amount thereof and describing the purpose or purposes for which such Additional Bonds are being issued, (2) authorizing the Board to enter into a Supplemental Indenture for the purpose of issuing such Additional Bonds and establishing the terms and provisions of such series of Bonds and the form of the Bonds of such series, (3) authorizing the Board to enter into a Supplemental Financing Agreement with the City to provide for payments at least sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then to be Outstanding (including the Additional Bonds to be issued) as the same become due, and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement, and (4) providing for such other matters as are appropriate because of the issuance of the Additional Bonds, which matters, in the judgment of the Board, are not prejudicial to the Board or the owners of the Bonds previously issued.

Such Additional Bonds shall have the same general title as the Series 2015C Bonds, except for an identifying series letter or date, and shall be dated, shall mature on such dates, shall be numbered, shall bear interest at such rates not exceeding the maximum rate then permitted by law payable at such times, and shall be redeemable at such times and prices, all as provided by the Supplemental Indenture authorizing the issuance of such Additional Bonds. Except as to any difference in the date, the maturities, the rates of interest or the provisions for redemption, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of the Indenture as the Series 2015C Bonds, the Series 2021 Bonds and any other Additional Bonds, and except that the Board may issue Additional Bonds that are not entitled to the benefit and security of the Debt Service Reserve Fund.

Such Additional Bonds shall be executed in the manner set forth in the Indenture and shall be deposited with the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of such Additional Bonds by the Trustee, and as a condition precedent thereto, there shall be filed with the Trustee the following:

- (a) A copy, certified by the Secretary or Assistant Secretary of the Board, of the resolution adopted by the Board authorizing the issuance of such Additional Bonds and the execution of the Supplemental Indenture, Supplemental Financing Agreement and supplements to any other Transaction Documents as may be necessary.

(b) A copy, certified by the City Clerk of the ordinances and/or resolutions adopted by the City authorizing the execution and delivery of the Supplemental Financing Agreement and supplements to any other Transaction Documents.

(c) An original executed counterpart of the Supplemental Indenture, executed by the Board and the Trustee, authorizing the issuance of the Additional Bonds being issued to make the loan, specifying, among other things, the terms thereof, and providing for the disposition of the proceeds of such loan and the Supplemental Financing Agreement.

(d) An original executed counterpart of the Supplemental Financing Agreement, executed by the City and the Board, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment.

(e) An Officer's Certificate (1) stating that no event of default under the Financing Agreement has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an event of default, and (2) stating the purpose or purposes for which such Additional Bonds are being issued and accompanied by the certificates, reports or opinions demonstrating compliance with the applicable tests set forth in the Financing Agreement.

(f) A request and authorization to the Trustee, on behalf of the Board, executed by a City Representative, to authenticate the Additional Bonds and deliver said Additional Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Board, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the names of the purchasers and the amounts of such purchase price.

(g) If such Additional Bonds are to be insured or guaranteed by a bond insurer or other credit enhancer, an insurance policy or other credit enhancement in each case in form or substance satisfactory to the Board, the City and the Trustee.

(h) Deposit of an amount equal to the Debt Service Reserve Fund Requirement, if any, for such Additional Bonds.

(i) An Opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding becoming subject to federal income taxes then in effect.

(j) Such other certificates, statements, receipts and documents required by any of the Transaction Documents or as the Board, the City or the Trustee shall reasonably require for the delivery of the Additional Bonds.

Except as provided in the Indenture and in the Financing Agreement, the Board will not otherwise issue any obligations on a parity with the Bonds, but the Board may issue other obligations specifically subordinate and junior to the Bonds.

Creation of Funds and Accounts

The Indenture creates and orders to be established in the custody of the Trustee the following special trust funds in the name of the Board to be designated as follows:

(a) "Missouri Development Finance Board – City of Independence, Missouri – Crackerneck Creek Infrastructure Facilities Costs of Issuance Fund" (the "Costs of Issuance Fund"), and within such fund separate accounts for each Series of Bonds.

(b) “Missouri Development Finance Board – City of Independence, Missouri – Crackerneck Creek Infrastructure Facilities Debt Service Fund” (the “Debt Service Fund”) and within such fund separate accounts for each Series of Bonds, and within each such account a subaccount for capitalized interest on such Series, if any.

(c) “Missouri Development Finance Board – City of Independence, Missouri – Crackerneck Creek Infrastructure Facilities Debt Service Fund” (the “Debt Service Reserve Fund”) and within such fund separate accounts for each Series of Bonds.

(d) “Missouri Development Finance Board – City of Independence, Missouri – Crackerneck Creek Infrastructure Facilities Rebate Fund” (the “Rebate Fund”) and within such fund separate accounts for each Series of Bonds.

Debt Service Fund

The Trustee shall deposit and credit to the Debt Service Fund, as and when received, as follows: (a) all Loan Payments made by the City pursuant to the Financing Agreement; (b) interest earnings and other income on Permitted Investments required to be deposited in the Debt Service Fund pursuant to the Indenture; (c) any amounts required by a Supplemental Indenture authorizing the issuance of Additional Bonds to be deposited in the Debt Service Fund, as specified in such Supplemental Indenture; (d) all other moneys received by the Trustee under and pursuant to any of the provisions of the Indenture or the Financing Agreement or any other Transaction Document, when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Debt Service Fund.

The moneys in the Debt Service Fund shall be held in trust and shall be applied solely in accordance with the provisions of the Indenture to pay the principal of and redemption premium, if any, and interest on the Bonds as the same become due and payable. Except as otherwise provided in the Indenture, moneys in the Debt Service Fund shall be expended solely as follows: (a) to pay interest on the Bonds as the same becomes due; (b) to pay principal of the Bonds as the same mature or become due and upon mandatory sinking fund redemption thereof; and (c) to pay principal of and redemption premium, if any, on the Bonds as the same become due upon redemption (other than mandatory sinking fund redemption) prior to maturity.

The Trustee, upon the written instructions from the Board given pursuant to written direction of the City, shall use excess moneys in the Debt Service Fund to redeem all or part of the Bonds Outstanding and to pay interest to accrue thereon prior to such redemption and redemption premium, if any, on the next succeeding redemption date for which the required redemption notice may be given or on such later redemption date as may be specified by the City, in accordance with the provisions of the Indenture, so long as the City is not in default with respect to any payments under the Financing Agreement and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption. The City may cause such excess money in the Debt Service Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee on a best efforts basis to the extent practical for the purchase of Bonds in the open market for the purpose of cancellation at prices not exceeding the principal amount thereof plus accrued interest thereon to the date of such purchase.

After payment in full of the principal of, redemption premium, if any, and interest on the Bonds (or after provision has been made for the payment thereof as provided in the Indenture), and the fees, charges and expenses of the Trustee, any Paying Agents and the Board, and any other amounts required to be paid under the Indenture and the Financing Agreement, all amounts remaining in the Debt Service Fund shall be paid to the City upon the expiration or sooner termination of the Financing Agreement.

Debt Service Reserve Fund

The moneys in the Debt Service Reserve Fund shall be disbursed and expended by the Trustee, without any further authorization from the City, solely for the payment of the principal of and interest on the Bonds of each series to which the applicable account on the Debt Service Fund relates to the extent of any deficiency in the Debt Service Fund with respect to such applicable Series of Bonds for such purposes. The Trustee may disburse and expend moneys from the Debt Service Reserve Fund for such purpose whether or not the amount in the applicable account of the Debt Service Reserve Fund at that time equals applicable the Debt Service Reserve Fund Requirement. If the Trustee disburses or expends moneys from the Debt Service Reserve Fund for the purposes stated in this paragraph, the Trustee shall immediately notify the City of the amount necessary to restore the balance in the Debt Service Reserve Fund to the applicable Debt Service Reserve Fund Requirement, and the Trustee shall direct the City to restore the deficiency in 12 equal monthly payments beginning not later than the first day of the next calendar month.

On each valuation date (as described below under the subheading “**Investment of Moneys**”), the Trustee shall determine the value of all cash and Permitted Investments held in the Debt Service Reserve Fund. If the value so determined exceeds the Debt Service Reserve Fund Requirement, the excess shall as promptly as practical be transferred to the Debt Service Fund. If the value so determined is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately direct the City to restore the deficiency not later than the next succeeding Payment Date.

After payment or provision for payment in full of the principal of and interest on the Bonds to which such account of the Debt Service Reserve Fund relates, and the fees, charges and expenses of the Trustee and any Paying Agents and any other amounts required to be paid under the Indenture and the Financing Agreement, all amounts remaining in the applicable account of the Debt Service Reserve Fund shall be paid to the City.

On or after any date upon which a portion of the Series 2021 Bonds is deemed to be paid and discharged and no longer Outstanding under the Indenture, the City may provide written direction, signed by a City Representative, specifying the then-applicable Debt Service Reserve Fund Requirement (together with the mathematical calculation of such requirement) to the Trustee, together with direction to the Trustee to release any excess amounts held in the Debt Service Reserve Fund account established for the Series 2021 Bonds. Upon receipt of such written direction, the Trustee shall promptly transfer such excess funds to the fund providing for the defeasance of such Series 2021 Bonds in advance of their maturity or redemption date in accordance with the Indenture.

Rebate Fund

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All amounts on deposit at any time in the Rebate Fund shall be held by the Trustee in trust to the extent required to pay rebatable arbitrage to the United States of America, and neither the City, the Board nor the owner of any Bonds shall have any rights in or claim to such money. All amounts held in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Agreement.

Payments Due on Saturdays, Sundays and Holidays

In any case where the date of maturity of principal of, redemption premium, if any, or interest on the Bonds or the date fixed for redemption of any Bonds shall be a day other than a Business Day, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Nonpresentment of Bonds

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Board to the owner thereof for the payment of such Bond, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds in trust in a separate trust account, without liability for interest thereon, for the benefit of the owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on or with respect to said Bond. If any Bond shall not be presented for payment within four years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay jointly to the City the funds theretofore held by it for payment of such Bond without liability for interest thereon, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Moneys to be Held in Trust

All moneys deposited with or paid to the Trustee for the funds and accounts held under the Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of the Indenture shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of the Indenture and the Financing Agreement, and, until used or applied, shall (except for moneys in the Rebate Fund) constitute part of the Trust Estate and be subject to the lien, terms and provisions of the Indenture and shall not be commingled with any other funds of the Board or the City except as provided under the Indenture for investment purposes. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received under the Indenture except to the extent such moneys are invested in Permitted Investments.

Investment of Moneys

Moneys held in each of the funds and accounts under the Indenture shall, pursuant to written directions of the City Representative, or in the absence of such direction at the discretion of the Trustee, be invested and reinvested by the Trustee in accordance with the provisions of the Indenture and the Tax Compliance Agreement in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. In the absence of direction of the City Representative, the Trustee shall invest and reinvest moneys in an investment described in paragraph (7) of the definition of the term "Permitted Investments." The Trustee shall make any investments permitted by the provisions of the Indenture through its own bond department or short-term investment department or that of any affiliate of the Trustee and may pool moneys for investment purposes, except moneys held in any fund or account that are required to be yield restricted in accordance with the Tax Compliance Agreement, which shall be invested separately. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund or account in which such moneys are originally held. The interest accruing on each fund or account and any profit realized from such Permitted Investments (other than any amount required to be deposited in the Rebate Fund) shall be credited to such fund or account, and any loss resulting from such Permitted Investments shall be charged to such fund or account; provided, however, that all interest accruing on the Debt Service Reserve Fund shall be automatically deposited into the Debt Service Fund. The Trustee shall sell or present for redemption and reduce to cash a sufficient amount of such Permitted Investments whenever it shall be necessary to provide moneys in any fund or account for the purposes of such fund or account and the Trustee shall not be liable for any loss resulting from such investments.

In determining the balance in any Fund (other than the Debt Service Reserve Fund), investments in such Fund shall be valued at the lower of their original cost or their fair market value as of the most recent

interest payment date. Permitted Investments in the Debt Service Reserve Fund (if any) shall be valued at fair market value, exclusive of accrued interest. Investments in the Funds under the Indenture shall be valued on each February 15 and August 15 in each year beginning February 15, 2016. The Trustee shall promptly deliver a copies of such valuations to the City, which may be in the form of the Trustee's standard account statements.

Limited Obligations

The Bonds and the interest thereon shall be special, limited obligations of the Board payable (except to the extent paid out of Bond proceeds or the income from the temporary investment thereof and under certain circumstances from insurance proceeds and condemnation awards solely out of the Loan Payments and other payments derived by the Board under the Financing Agreement (except for fees and expenses payable to the Board, the Board's right to indemnification as set forth in the Financing Agreement and as otherwise expressly set forth therein), and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the owners of the Bonds, as provided in the Indenture. The Bonds and interest thereon shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision or body politic thereof, including the City, within the meaning of any state constitutional provision or statutory limitation, including the City, and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision or body politic thereof, but shall be payable solely from the funds provided for in the Financing Agreement and in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State of Missouri or any political subdivision or body politic thereof, including the City, to levy any form of taxation therefor or to make any appropriation for their payment. The State of Missouri shall not in any event be liable for the payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Board. No breach by the Board of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State of Missouri or any charge upon its general credit or against its taxing power. The Board has no power to tax.

Enforcement of Rights

The Board agrees under the Indenture that the Trustee, as assignee, transferee, pledgee, and owner of a security interest under the Indenture in its name or in the name of the Board may enforce all rights of the Board and the Trustee and all obligations of the City under and pursuant to the Financing Agreement and any other Transaction Documents for and on behalf of the bondowners, whether or not the Board is in default under the Indenture. The Financing Agreement and all other Transaction Documents shall be delivered to and held by the Trustee.

Events of Default

The term "**event of default**," wherever used in the Indenture, means any one of the following events (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) default in the payment of any interest on any Bond when such interest becomes due and payable; or
- (b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise); or

- (c) default in the performance, or breach, of any covenant or agreement of the Board in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere under this subheading “**Events of Default**”), and continuance of such default or breach for a period of **60** days after there has been given to the Board, the City by the Trustee or to the Board, the City and the Trustee by the owners of at least **10%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Board shall immediately upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch; or
- (d) any event of default under the Financing Agreement shall occur and is continuing and has not been waived.

With regard to any alleged default concerning which notice is given to the City, the Board grants the City full authority for the account of the Board to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Board, with full power to do any and all things and acts to the same extent that the Board could do and perform any such things and acts in order to remedy such default.

Acceleration of Maturity; Rescission and Annulment

If an event of default occurs and is continuing, the Trustee may, and shall, if requested by the owners of not less than **25%** in principal amount of the Bonds Outstanding, by written notice to the Board and the City, declare the principal of all Bonds Outstanding and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

At any time after such a declaration of acceleration has been made, but before any judgment or decree for payment of money due on any Bonds has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice to the Board, the City and the Trustee, rescind and annul such declaration and its consequences if:

- (a) the Board has deposited with the Trustee a sum sufficient to pay
 - (1) all overdue installments of interest on all Bonds,
 - (2) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate prescribed therefor in the Bonds,
 - (3) interest upon overdue installments of interest at the rate prescribed therefor in the Bonds, and
 - (4) all sums paid or advanced by the Trustee and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and
- (b) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Exercise of Remedies by the Trustee

Upon the occurrence and continuance of any event of default under the Indenture, unless the same is waived as provided in the Indenture, the Trustee shall have the following rights and remedies, in addition to any other rights and remedies provided under the Indenture or by law:

- (a) *Right to Bring Suit, Etc.* The Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Bonds Outstanding, including interest on overdue principal (and premium, if any) and on overdue installments of interest, and any other sums due under the Indenture, to realize on or to foreclose any of its interests or liens under the Indenture or any other Transaction Document, to enforce and compel the performance of the duties and obligations of the Board as set forth in the Indenture and to enforce or preserve any other rights or interests of the Trustee under the Indenture with respect to any of the Trust Estate or otherwise existing at law or in equity.
- (b) *Exercise of Remedies at Direction of Bondowners.* If requested in writing to do so by the owners of not less than **25%** in principal amount of Bonds Outstanding and if indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and remedies conferred by the Indenture as the Trustee shall deem most expedient in the interests of the bondowners.
- (c) *Appointment of Receiver.* Upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the bondowners under the Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.
- (d) *Suits to Protect the Trust Estate.* The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Indenture and to protect its interests and the interests of the bondowners in the Trust Estate, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security under the Indenture or be prejudicial to the interests of the bondowners or the Trustee, or to intervene (subject to the approval of a court of competent jurisdiction) on behalf of the bondowners in any judicial proceeding to which the Board, the City is a party and which in the judgment of the Trustee has a substantial bearing on the interests of the bondowners.
- (e) *Enforcement Without Possession of Bonds.* All rights of action under the Indenture or any of the Bonds may be enforced and prosecuted by the Trustee without the possession of any of the Bonds or the production thereof in any suit or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and subject to the provisions of the Indenture, be for the equal and ratable benefit of the owners of the Bonds in respect of which such judgment has been recovered.
- (f) *Restoration of Positions.* If the Trustee or any bondowner has instituted any proceeding to enforce any right or remedy under the Indenture by suit, foreclosure, the appointment of a receiver, or otherwise, and such proceeding has been discontinued or abandoned for any

reason, or has been determined adversely to the Trustee or to such bondowner, then and in every case the Board, the City, the Trustee and the bondowners shall, subject to any determination in such proceeding, be restored to their former positions and rights under the Indenture, and thereafter all rights and remedies of the Trustee and the bondowners shall continue as though no such proceeding had been instituted.

Limitation on Suits by Bondowners

No owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, under or with respect to the Indenture, or for the appointment of a receiver or trustee or for any other remedy under the Indenture, unless:

- (a) such owner has previously given written notice to the Trustee of a continuing event of default;
- (b) the owners of not less than **25%** in principal amount of the Bonds Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture;
- (c) such owner or owners have offered to the Trustee indemnity as provided in the Indenture against the costs, expenses and liabilities to be incurred in compliance with such request;
- (d) the Trustee for **60** days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (e) no direction inconsistent with such written request has been given to the Trustee during such **60-day** period by the owners of a majority in principal amount of the Outstanding Bonds.

it being understood and intended that no one or more owners of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the lien of the Indenture or the rights of any other owners of Bonds, or to obtain or to seek to obtain priority or preference over any other owners or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all Outstanding Bonds.

Control of Proceedings by Bondowners

The owners of a majority in principal amount of the Bonds Outstanding shall have the right, during the continuance of an event of default, provided indemnity has been provided to the Trustee in accordance with the Indenture:

- (a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Bonds and the foreclosure of the Indenture, or otherwise; and
- (b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that
 - (1) such direction shall not be in conflict with any rule of law or the Indenture,
 - (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

- (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the owners not taking part in such direction.

Application of Moneys Collected

Any moneys collected by the Trustee pursuant to the Indenture (after the deductions for payment of costs and expenses of proceedings resulting in the collection of such moneys) together with any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

- (a) **First:** To the payment of all unpaid amounts due the Trustee under the Indenture;
- (b) **Second:** To the payment of the whole amount then due and unpaid upon the Outstanding Bonds for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Bonds, then to the payment of such principal and interest, without any preference or priority, ratably according to the aggregate amount so due; and
- (c) **Third:** To the payment of the remainder, if any, to the Board or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Whenever moneys are to be applied by the Trustee pursuant to the provisions above, such moneys shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, in accordance with the Indenture, and shall not be required to make payment to the owner of any unpaid Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Rights and Remedies Cumulative

No right or remedy conferred upon or reserved to the Trustee or to the Bondowners by the Indenture is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Delay or Omission Not Waiver

No delay or omission of the Trustee or of any owner of any Bond to exercise any right or remedy accruing upon an event of default shall impair any such right or remedy or constitute a waiver of any such event of default or an acquiescence therein. Every right and remedy given by the Indenture or by law to the

Trustee, or to the bondowners may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the bondowners, as the case may be.

Waiver of Past Defaults

Before any judgment or decree for payment of money due has been obtained by the Trustee as provided in the Indenture, the owners of a majority in principal amount of the Bonds Outstanding may, by written notice delivered to the Trustee and the Board, on behalf of the owners of all the Bonds waive any past default under the Indenture and its consequences, except a default

- (a) in the payment of the principal of (or premium, if any) or interest on any Bond, or
- (b) in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the owner of each Outstanding Bond affected.

Upon any such waiver, such default shall cease to exist, and any event of default arising therefrom shall be deemed to have been cured, for every purpose of the Indenture; but no such waiver shall extend to or affect any subsequent or other default or impair any right or remedy consequent thereon.

Acceptance of Trusts; Certain Duties and Responsibilities

Under the Indenture, the Trustee accepts and agrees to execute the trusts imposed upon it by the Indenture, but only upon the following terms and conditions:

- (a) Except during the continuance of an event of default,
 - (1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee; and
 - (2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions which by any provision of the Indenture are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture.
- (b) If an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.
- (c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that
 - (1) this shall not be construed to limit the effect of subparagraph (a), above;
 - (2) the Trustee shall not be liable for any error of judgment made in good faith by an authorized officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;
 - (3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any

remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture; and

(4) no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or conveying rights and duties or affording protection to the Trustee, whether in its capacity as Trustee, Paying Agent, bond registrar or any other capacity, shall be subject to the provisions set forth above.

Notice of Defaults

The Trustee shall not be required to take notice or be deemed to have notice of any default under the Indenture except failure by the Board to cause to be made any of the payments to the Trustee required to be made by the Indenture, unless the Trustee shall be specifically notified in writing of such default by the Board, the City or the owners of at least 10% in principal amount of all Bonds Outstanding, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Within 30 days after the Trustee has received notice of any event of default or the occurrence of any event of default of which the Trustee is deemed to have notice the Trustee shall give written notice of such event of default by mail to the Board, the City and all owners of Bonds as shown on the bond register maintained by the Trustee, unless such event of default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond, the Trustee shall be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of the bondowners. For the purpose of this paragraph, the term "default" means any event which is, or after notice or lapse of time or both would become, an event of default.

Corporate Trustee Required; Eligibility

There shall at all times be a Trustee under the Indenture which shall be a bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least \$25,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this paragraph, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible, it shall resign immediately in the manner and with the effect specified in the Indenture.

Resignation and Removal of Trustee

The Trustee may resign at any time by giving written notice thereof to the Board, the City and each owner of Bonds Outstanding as shown by the list of bondowners required by the Indenture to be kept at the office of the Trustee. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee has or shall acquire any conflicting interest (as determined by the Trustee), it shall, within 90 days after ascertaining that it has a conflicting interest, or within 30 days after receiving written notice from the Board or the City (so long as the City is not in default under the Indenture) that it has a

conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in the preceding paragraph.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Board and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the City is not in default and no condition that with the giving of notice or passage of time, or both, would constitute a default by the City under the Financing Agreement, signed by the City Representative. The Board, the City or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

If at any time: (1) the Trustee shall fail to comply with a request relating to a conflicting interest, as described above, after written request therefor by the Board or by any bondowner, or (2) the Trustee shall cease to be eligible and shall fail to resign after written request therefor by the Board or by any such bondowner, or (3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, (A) the Board may remove the Trustee, or (B) the City or any bondowner may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

The Trustee shall give notice at the expense of the City of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Board and the registered owners of Bonds as their names and addresses appear in the bond register maintained by the Trustee. Each notice shall include the name of the successor Trustee and the address of its principal corporate trust office.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Indenture.

Appointment of Successor Trustee

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Board, with the written consent of the City (which consent shall not be unreasonably withheld) or the owners of a majority in principal amount of Bonds Outstanding (if an event of default under the Indenture or under the Financing Agreement has occurred and is continuing), by an instrument or concurrent instruments in writing delivered to the Board and the retiring Trustee, shall promptly appoint a successor Trustee. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee, by written instrument, may similarly appoint a temporary successor to fill such vacancy until a new Trustee shall be so appointed by the Board or the bondowners. If, within **30** days after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed in the manner provided in the Indenture, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the retiring Trustee and any temporary successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been so appointed and accepted appointment in the manner provided in the Indenture, any bondowner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor shall have been appointed as above provided. The successor so appointed by such court shall immediately and without further act be superseded by any successor appointed as above provided. Every such successor Trustee appointed pursuant to the provisions of the Indenture shall be a bank or trust company in good standing under the law of the jurisdiction in which it was created and by which it exists, meeting the eligibility requirements of the Indenture.

Supplemental Indentures without Consent of Bondowners

Without the consent of the owners of any Bonds, the Board and the Trustee may from time to time enter into one or more Supplemental Indentures for any of the following purposes:

- (a) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Bonds or of any series of Bonds, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) to authorize the issuance of any series of Additional Bonds and, make such other provisions as provided in the Indenture; or
- (d) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture; or
- (e) to add to the covenants of the Board or to the rights, powers and remedies of the Trustee for the benefit of the owners of all Bonds or to surrender any right or power conferred upon the Board under the Indenture; or
- (f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision in the Indenture or to make any other change, with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds; or
- (g) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

Supplemental Indentures with Consent of Bondowners

With the consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Indenture, the Board and the Trustee may enter into one or more Supplemental Indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture; provided, however, that no such Supplemental Indenture shall, without the consent of the owner of each Outstanding Bond affected thereby,

- (a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or

- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences; or
- (c) modify the obligation of the Board to make payment on or provide funds for the payment of any Bond; or
- (d) modify or alter the provisions of the proviso to the definition of the term “Outstanding”; or
- (e) modify any of the provisions of the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or
- (f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the Trust Estate or terminate the lien of the Indenture on any property at any time subject to the Indenture or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Indenture and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds to approve the particular form of any proposed Supplemental Indenture, but it shall be sufficient if such act shall approve the substance thereof.

Payment, Discharge and Defeasance of Bonds

Bonds will be deemed to be paid and discharged and no longer Outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Board shall pay or provide for the payment of such Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;
- (b) by delivering such Bonds to the Trustee for cancellation; or
- (c) by depositing in trust with the Trustee or other Paying Agent moneys and Government Obligations in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Defeasance Obligations pursuant to subsection (c) above, subject to receipt by the Trustee of (1) a verification report in form and substance satisfactory to the Trustee prepared by independent certified public accountants, or other verification agent, satisfactory to the Trustee and (2) an Opinion of Bond Counsel addressed and

delivered to the Trustee and the Board in form and substance satisfactory to the Trustee to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture and to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

Satisfaction and Discharge of Indenture

The Indenture and the lien, rights and interests created by the Indenture shall cease, determine and become null and void (except as to any surviving rights) if the following conditions are met:

- (a) the principal of, premium, if any, and interest on all Bonds has been paid or is deemed to be paid and discharged by meeting the conditions of the Indenture;
- (b) all other sums payable under the Indenture with respect to the Bonds are paid or provision satisfactory to the Trustee is made for such payment;
- (c) the Trustee receives an Opinion of Bond Counsel (which may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that so providing for the payment of any Bonds will not cause the interest on the Bonds to be included in gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture; and
- (d) the Trustee receives an Opinion of Counsel to the effect that all conditions precedent in this paragraph to the satisfaction and discharge of the Indenture have been complied with.
- (e) if such Bonds are to be redeemed or final payment is to occur on a date which is more than 90 days from the date of the deposit under this paragraph, the Board and the City shall have received (1) the report of a verification agent acceptable to and addressed to each of them, confirming the mathematical accuracy of the calculations used to determine the sufficiency of the moneys or Defeasance Obligations; and (2) the escrow deposit agreement

Thereupon, the Trustee shall execute and deliver to the Board a termination statement and such instruments of satisfaction and discharge of the Indenture as may be necessary at the written request of the Board and shall pay, assign, transfer and deliver to the Board, or other Persons entitled thereto, all moneys, securities and other property then held by it under the Indenture as a part of the Trust Estate, other than moneys or Defeasance Obligations held in trust by the Trustee for the payment of the principal of, premium, if any, and interest on the Bonds.

Limitation on Board Obligations

Any other term or provision in the Indenture or in any other Transaction Documents or elsewhere to the contrary notwithstanding:

(a) Any and all obligations (including without limitation, fees, claims, demands, payments, damages, liabilities, penalties, assessments and the like) of or imposed upon the Board or its members, officers, agents, employees, representatives, advisors or assigns, whether under the Indenture or any of the other Transaction Documents or elsewhere and whether arising out of or based upon a claim or claims of tort, contract, misrepresentation, or any other or additional legal theory or theories whatsoever (collectively the "Obligations"), shall in all events be absolutely limited obligations and liabilities, payable solely out of the following, if any, available at the time the Obligation in question is asserted:

- (1) Bond proceeds and investments therefrom; and

(2) Payments derived from the Bonds, the Indenture (including the Trust Estate to the extent provided in the Indenture), the Financing Agreement (except for the fees and expenses of the Board and the Board's right to indemnification under the Financing Agreement under certain circumstances and as otherwise expressly set forth therein);

(the above provisions (1) and (2) being collectively referred to as the "exclusive sources of the Obligations").

(b) The Obligations shall not be deemed to constitute a debt or liability of the State of Missouri or of any political subdivision thereof within the meaning of any state constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State of Missouri or of any political subdivision thereof, but shall be payable solely from and out of the exclusive sources of the Obligations and shall otherwise impose no liability whatsoever, primary or otherwise, upon the State of Missouri or any political subdivision thereof or any charge upon their general credit or taxing power.

(c) In no event shall any member, officer, agent, employee, representative or advisor of the Board, or any successor or assign of any such person or entity, be liable, personally or otherwise, for any Obligation.

(d) In no event shall the Indenture be construed as:

(1) depriving the Board of any right or privilege; or

(2) requiring the Board or any member, officer, agent, employee, representative or advisor of the Board to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else;

which deprivation or requirement would violate or result in the Board's being in violation of the Act or any other applicable state or federal law.

* * *

SUMMARY OF THE AUTHORIZING ORDINANCE

The following is a summary of certain provisions contained in the Authorizing Ordinance related to the Series 2021 Bonds. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Authorizing Ordinance for a complete recital of the terms thereof.

Definitions of Words and Terms

In addition to words and terms defined elsewhere in the Authorizing Ordinance, the following capitalized words and terms as used in the Authorizing Ordinance have the following meanings:

"Act" means the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, inclusive, of the Revised Statutes of Missouri, as amended.

"Additional Payments" shall have the meaning set forth in the Financing Agreements.

"Bass Pro Lease Agreement" means the Lease with Options between the City and Bass Pro Outdoor World, L.L.C., dated as of June 16, 2004, as amended by an Amendment to Lease with Options dated

December 20, 2004, as further amended by a Second Amendment to Lease With Options dated March 6, 2006, and as further amended from time to time.

“Board” means the Missouri Development Finance Board, a body corporate and politic of the State of Missouri.

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“City” means the City of Independence, Missouri, and any successors or assigns.

“Crackerneck Creek Redevelopment Agreement” means the Crackerneck Creek Redevelopment Agreement described in the Authorizing Ordinance.

“Crackerneck Loans” means the Series 2015C Loan and the Series 2021 Loan.

“District” means the Crackerneck Creek Transportation Development District, a political subdivision organized and existing under the laws of the State of Missouri.

“Economic Activity Tax Account” means the Economic Activity Tax Account in the Special Allocation Fund described in the Authorizing Ordinance.

“Economic Activity Tax Revenues” means fifty percent (50%) of the total additional revenue from sales taxes which are imposed by the City or other taxing districts, and which are generated by economic activities within the Crackerneck Creek Redevelopment Area over the amount of such taxes generated by economic activities within the Crackerneck Creek Redevelopment Area in the calendar year prior to the adoption of the first TIF Ordinance for the Crackerneck Creek Redevelopment Project, while tax increment financing remains in effect, but excluding (i) taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments and (ii) personal property taxes, other than Payments in Lieu of Taxes, all as determined in accordance with the Act.

“Financing Agreements” means the Series 2015C Financing Agreement and the Series 2021 Financing Agreement.

“Indenture” means the applicable bond trust indenture or supplement thereto under which the Series 2015C Bonds and the Series 2021 Bonds are or were issued.

“Loan Payments” shall have the meaning set forth in the Financing Agreements.

“Payments in Lieu of Taxes” means, when collected by the City, the payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of each taxable lot, block, tract, or parcel of real property in the Crackerneck Creek Redevelopment Area over and above the certified total initial equalized assessed value of each such unit of property in the Crackerneck Creek Redevelopment Area on the date of the adoption of the first TIF Ordinance with respect to such Redevelopment Area, all as determined in accordance with the Act; *provided that*, with respect to any improvements that did not exist as of January 1, 2021, for the purpose of which the Redevelopment Plan is amended, Payments in Lieu of Taxes shall not include any portion declared as surplus and distributed to the taxing jurisdictions.

“PILOTS Account” means the PILOTS Account in the Special Allocation Fund described in Authorizing Ordinance.

“Redevelopment Area” means the Crackerneck Creek Redevelopment Area, with the governing body of the City having adopted tax increment financing therefore in accordance with the Act.

“Redevelopment Costs” means the “redevelopment project costs,” as defined in the Act, that may be paid through tax increment financing and which the City has agreed to pay under the Crackerneck Creek Redevelopment Agreement.

“Refunded Bonds” means, collectively, the outstanding Series 2006B Bonds, the outstanding Series 2013A Bonds and the outstanding Series 2013B Bonds.

“Series 2006B Bonds” means the \$14,030,000 Taxable Infrastructure Facilities Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project), Series 2006B, issued by the Board.

“Series 2013A Bonds” means the \$14,005,000 Taxable Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013A, issued by the Board.

“Series 2013B Bonds” means the \$10,835,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2013B, issued by the Board.

“Series 2015C Bonds” means the \$47,060,000 Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2015C, issued by the Board.

“Series 2015C Loan” means the loan from the Board to the City of the proceeds of the Series 2015C Bonds.

“Series 2021 Bonds” means the Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021, to be issued by the Board.

“Series 2021 Loan” means the loan from the Board to the City made pursuant to the Financing Agreement.

“Special Allocation Fund” means the Crackerneck Creek Special Allocation Fund ratified and confirmed by the Authorizing Ordinance.

“State” means the State of Missouri.

“State TIF Revenues” means payments received from the State under the Act for paying Costs of the Crackerneck Creek Redevelopment Project.

“TDD Revenues” means 7/8 of the moneys received by the City from the Crackerneck Creek Transportation Development District which are derived from the sales tax levied by the District for the payment of project costs related to the Crackerneck Creek Redevelopment Project, and which are subject to annual appropriation by the District.

“TIF Ordinance” means, for any Redevelopment Project, an ordinance passed by the City pursuant to which the City has commenced the 23-year period contained in the Act, which for the Crackerneck Creek project include Ordinance Nos. 15928, 15929, 15930, 15931 and 15932 of the City.

Limited Obligations

Except as provided in the Authorizing Ordinance, the City obligation to make Loan Payments and Additional Payments under the Financing Agreements shall be subject to annual appropriation and shall not constitute a debt, liability or indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction, all as more fully provided in the Financing Agreements.

Ratification of Approvals and Designations

On October 18, 2004, the City passed Ordinance No. 15874 approving the Redevelopment Plan, approving the Redevelopment Project, designating the Redevelopment Area, designating the Developer as the developer, and authorizing the execution of a redevelopment agreement with the Developer to carry out the Redevelopment Plan. On December 20, 2004, the City passed ordinance numbers 15928, 15929, 15930, 15931 and 15932 activating Tax Increment Financing in the Redevelopment Area. The City ratifies and confirms such approvals and designations and represents that Ordinance Nos. 15874, 15928, 15929, 15930, 15931 and 15932 remain in full force and effect.

Security for the Crackerneck Loans

(a) Except as provided in the following paragraph, the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreements shall be subject to annual appropriation as provided in the Financing Agreements.

In the Authorizing Ordinance, the City states that it currently intends to appropriate in each year moneys sufficient to pay all the Loan Payments and reasonably estimated Additional Payments under the Financing Agreements with respect to the Crackerneck Creek Loans for the next succeeding Fiscal Year, to the extent sufficient funds are not available from pledged sources. In preparing the City's annual budget the City Manager or Acting City Manager shall include or cause to be included in each budget submitted to the City Council such appropriation. Notwithstanding the foregoing, the decision of whether or not to appropriate is solely within the discretion of the City Council. In the event the City Council votes to not appropriate such amounts, the City shall immediately notify in writing the following persons of such Event of Nonappropriation: (i) the Board, (ii) UMB Bank, N.A., as trustee for the Series 2015C Bonds and the Series 2021 Bonds, (iii) the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") system (or successor thereto), and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City's bonds.

Notwithstanding the foregoing, Payments in Lieu of Taxes deposited into the Special Allocation Fund are not subject to annual appropriation and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments pursuant to the Financing Agreements.

(b) As additional security for the City's obligation to make Loan Payments and Additional Payments pursuant to the Financing Agreements, such payments shall be payable from and secured as to the payment of principal and interest by (a) a pledge of the Payments in Lieu of Taxes deposited in the PILOTS Account of the Special Allocation Fund relating to the Crackerneck Creek Redevelopment Project, (b) subject to annual appropriation by the City Council as provided in the Authorizing Ordinance, the Economic Activity Tax Revenues deposited in the Economic Activity Tax Account of the Special Allocation Fund relating to the Crackerneck Creek Redevelopment Project. The taxing power of the City is not pledged to the payment of the Crackerneck Loans either as to principal or interest. The Crackerneck Loans shall not constitute a general obligation of the City, nor shall any of the Crackerneck Loans constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The moneys and securities held in, and moneys and securities to be deposited in, the Special Allocation Fund relating to the Crackerneck Creek Redevelopment Project are pledged to the payment of the Crackerneck Loans; provided, however Economic Activity Taxes deposited therein shall remain subject to annual appropriation as described in the Authorizing Ordinance.

The City currently intends to appropriate in each year the Economic Activity Tax Revenues in the Special Allocation Fund relating to the Crackerneck Creek Redevelopment Project to the repayment of the Crackerneck Loans. In preparing the City's annual budget the City Manager shall include or cause to be included in each budget submitted to the City Council such appropriation. Notwithstanding the foregoing, the

decision of whether or not to appropriate is solely within the discretion of the City Council. In the event the City Council votes to not appropriate such Economic Activity Tax Revenues, the City shall immediately notify in writing the following persons of such Event of Nonappropriation: (i) the Board, (ii) UMB Bank, N.A., as trustee for the Series 2015C Bonds and the Series 2021 Bonds, (iii) the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (“EMMA”) system (or successor thereto), and (iv) each nationally recognized rating agency which currently maintains a rating on any of the City’s bonds.

In the event Bond Counsel delivers to the City an opinion to the effect that Missouri law no longer requires that the pledge of the Economic Activity Tax Revenues be subject to annual appropriation, the City agrees to amend the Authorizing Ordinance to delete such requirement.

The City also pledges the State TIF Revenues (if any) and the TDD Revenues (if any) to secure the Crackerneck Loans.

(c) The pledge of Economic Activity Tax Revenues (subject to annual appropriation), State TIF Revenues, TDD Revenues and Payments in Lieu of Taxes described in the Authorizing Ordinance to the payment of the Series 2021 Loan shall be on parity with the pledge of such revenues securing the payment of the Series 2015C Loan and the Loan Payments and Additional Payments relating thereto. The State TIF Revenues and TDD Revenues shall be aggregated with Economic Activity Taxes and Payments in Lieu of Taxes and applied in the same manner and at the same time as Economic Activity Tax Revenues as set forth in the Authorizing Ordinance.

(d) The rentals paid to the City pursuant to the Bass Pro Lease Agreement shall not be used for the repayment of the Series 2015C Loan and are not pledged to the repayment of the Series 2021 Loan.

(e) The City shall not pledge Economic Activity Tax Revenues, State TIF Revenues, TDD Revenues or Payments in Lieu of Taxes to any bond or other obligation on a basis that is senior to the pledge of such revenues to the payment of the Series 2021 Loan or the Series 2015C Loan and the Loan Payments and Additional Payments relating thereto.

Crackerneck Creek Special Allocation Fund

The moneys in the Crackerneck Creek Special Allocation Fund shall be administered and applied solely for the purposes and in the manner provided in the Authorizing Ordinance. At any time moneys are to be withdrawn, transferred or paid from the Crackerneck Creek Special Allocation Fund pursuant to the Authorizing Ordinance, such withdrawals, transfers or payment shall be made from (i) the PILOTS Account, and (ii) the Economic Activity Tax Account in that order.

The City agrees to deposit into the Crackerneck Creek Special Allocation Fund as received all Economic Activity Taxes and Payments in Lieu of Taxes. The Economic Activity Taxes and Payments in Lieu of Taxes shall be determined, collected and applied in the manner provided by law. Payments in Lieu of Taxes from the Crackerneck Creek Redevelopment Area shall be deposited into the PILOTS Account of the Crackerneck Creek Special Allocation Fund, and subject to annual appropriation as provided in the Authoring Ordinance, all Economic Activity Tax Revenues from the Crackerneck Creek Redevelopment Area shall, as and when received by the City, be deposited into the Economic Activity Tax Account of the Crackerneck Creek Special Allocation Fund. All interest earnings on moneys in the Crackerneck Creek Special Allocation Fund shall be credited to and deposited in the Crackerneck Creek Special Allocation Fund.

The Crackerneck Creek Special Allocation Fund shall be administered by the City as follows:

(a) Not later than the last business day of each February and August, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under the Financing Agreements relating to the Series 2015C Bonds and the Series 2021 Bonds and any other financing agreement relating to Additional Bonds secured on a parity with the with the Series 2015C Bonds and the Series 2021 Bonds. In the event such moneys shall be insufficient to make such Loan Payments, such deposits shall be made pro rata into the various accounts within the Debt Service Fund for the Series 2015C Bonds and the Series 2021 Bonds and any bonds issued on a parity with such Bonds.

(b) Upon receipt by the City of written notice from the Trustee that the balance in the applicable account of the Debt Service Reserve Fund (as defined in the Indenture) is less than the Debt Service Reserve Requirement for the Series 2015C Bonds and the Series 2021 Bonds (as defined in the Indenture) or any bonds issued on a parity with the Series 2015C Bonds and the Series 2021 Bonds, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the accounts in the applicable Debt Service Reserve Fund to an amount equal to such Debt Service Reserve Requirement. In the event such moneys shall be insufficient to fully restore the balance therein to the applicable Debt Service Reserve Requirement such deposits shall be made pro rata into the various accounts with the Debt Service Reserve Fund for the Series 2015C Bonds and the Series 2021 Bonds and any bonds issued on a parity therewith.

(c) Moneys remaining in the Crackerneck Creek Special Allocation Fund, after making the payments described in the Authorizing Ordinance, shall be expended in the following order of priority:

(i) For deposit into any business interruption reserve fund established with the Trustee for a series of bonds secured on parity with the Series 2015C Bonds and the Series 2021 Bonds, until such time as the amount on deposit therein equals the business interruption reserve fund requirement (as set out in the indentures relating to such bonds) or to restore the amount on deposit therein to such business interruption reserve fund requirement (as defined in the indentures relating to such bonds);

(ii) Any Excess Tax Revenues shall be transferred by the City to the Trustee for the purpose of prepaying that portion of the Series 2015C Loan or the Series 2021 Loan that the City has elected to prepay. "Excess Tax Revenues" means the amount of (i) Economic Activity Taxes and Payments in Lieu of Taxes, and (ii) any State TIF Sales Tax revenues, collected by the City (in increments of \$5,000) which the City determines are in excess of the amounts needed to make Loan Payments under the Financing Agreements relating to regularly scheduled payments of principal and interest on the Series 2015C Bonds, the Series 2021 Bonds and any Additional Bonds issued on a parity with the Series 2015C Bonds and the Series 2021 Bonds.

(iii) For the purpose of prepaying any Loan Payments or Additional Payments due under the Financing Agreements relating to the Series 2015C Bonds and the Series 2021 Bonds or any other financing agreement relating to Additional Bonds secured on a parity with the Series 2015C Bonds and the Series 2021 Bonds.

(d) Moneys remaining in the Crackerneck Creek Special Allocation Fund, after making the payments described in the Authorizing Ordinance, shall be expended in the following order of priority:

(i) Not later than the last business day of each February and August, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Loan Payments due under the financing agreement(s) relating to any bonds secured on a basis subordinate to the Series 2015C Bonds and the Series 2021 Bonds with respect to the pledge of Economic Activity Tax Revenues, State TIF Revenues, TDD Revenues and Payments in Lieu of Taxes. In the event such moneys shall be insufficient to make such Loan Payments, such deposits shall be made pro rata into the various accounts within the Debt Service Fund for such bonds.

(ii) Upon receipt by the City of written notice from the Trustee that the balance in the applicable account of any debt service reserve fund established for any bonds secured on a basis subordinate to the Series 2015C Bonds and the Series 2021 Bonds with respect to the pledge of Economic Activity Tax Revenues, State TIF Revenues, TDD Revenues and Payments in Lieu of Taxes (which does not currently include any outstanding bonds) is less than the debt service reserve requirement for such bonds, the City shall transfer to the Trustee from the Crackerneck Creek Special Allocation Fund, to the extent available, an aggregate amount equal to the Additional Payments necessary to restore the accounts in the debt service reserve fund to an amount equal to the debt service reserve requirement. In the event such moneys shall be insufficient to fully restore the balance therein to the applicable debt service reserve requirement such deposits shall be made pro rata into the various accounts with the debt service reserve fund for such bonds.

(e) Moneys remaining in the Crackerneck Creek Special Allocation Fund, after making the payments described in the Authorizing Ordinance, shall be expended in the following order of priority:

(i) for the purpose of establishing such additional reserves as may be deemed necessary by the City; or

(ii) for the purpose of reimbursing the City for any transfer of any legally available funds to the Crackerneck Creek Special Allocation Fund; or

(iii) for any other purpose set forth in the Redevelopment Agreement for the Redevelopment Project as may be authorized under the Act.

Investments

Moneys in the Special Allocation Fund shall be continuously and adequately secured as provided by the laws of the State.

Refunding of Prior Bonds

The Series 2021 Loan is being made for the purpose of prepaying in whole or in part certain prior loans from the Board to the City related to the Crackerneck Creek project. The loans, or portions thereof, to be prepaid were funded by the following bond issues of the Board (the "Refunded Bonds"):

(i) The entire outstanding principal amount of the Series 2006B Bonds, with a stated maturity of March 1, 2026, in the aggregate principal amount of \$14,030,000 (the "Series 2006B Refunded Bonds");

(ii) The entire outstanding principal amount of the Series 2013A Bonds, with stated maturities of March 1 in the years 2025, 2027, 2028, in the aggregate principal amount of \$13,905,000 (the "Series 2013A Refunded Bonds"); and

(iii) The entire outstanding principal amount of the Series 2013B Bonds, with a stated maturity of March 1, 2029, in the aggregate principal amount of \$10,835,000 (the “Series 2013B Refunded Bonds”).

The officers of the City are authorized and directed to take such actions as are necessary to use certain proceeds of the Series 2021 Loan to effect the refunding of the outstanding amounts of the applicable Refunded Bonds and to prepay the corresponding loan payments under the applicable prior Financing Agreements between the Board and the City associated with the Refunded Bonds.

* * *

SUMMARY OF THE FINANCING AGREEMENT

The following is a summary of certain provisions contained in the Financing Agreement. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Financing Agreement for a complete recital of the terms thereof.

Use of Proceeds

The proceeds of the Bonds loaned to the City shall be deposited with the Trustee and shall be administered, disbursed and applied for the purposes and in the manner as provided in the Indenture and in the Financing Agreement.

Loan Payments

Subject to the limitations in the Financing Agreement, the City shall pay the following amounts to the Trustee, all as “Loan Payments” under the Financing Agreement:

(a) *Debt Service Fund -- Interest:* On or before 10:00 A.M. on or before the Business Day preceding each March 1 and September 1, an amount which is not less than the interest to become due on the next interest payment date on the Bonds; provided, however that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.

(b) *Debt Service Fund -- Principal:* On or before 10:00 A.M. on or before the Business Day preceding each March 1, an amount which is not less than the next installment of principal due on the Bonds on the next principal payment date by maturity or mandatory sinking fund redemption; provided, however, that the City may be entitled to certain credits on such payments as permitted under the Financing Agreement.

(c) *Debt Service Fund -- Redemption:* On or before 10:00 A.M. on or before the Business Day preceding the date required by the Financing Agreement or the Indenture, the amount of any Net Proceeds or other moneys received which is intended or required to redeem Bonds then Outstanding if the City exercises its right to redeem Bonds under any provision of the Indenture or if any Bonds are required to be redeemed (other than pursuant to mandatory sinking fund redemption provisions) under any provision of the Indenture.

Notwithstanding any schedule of payments upon the Loan set forth in the Financing Agreement or the Indenture, the City shall make payments upon the Loan and shall be liable therefor at the times and in the amounts (including interest, principal, and redemption premium, if any) equal to the amounts to be paid as

interest, principal and redemption premium, if any, whether at maturity or by optional or mandatory redemption upon all Bonds from time to time Outstanding under the Indenture.

Credits on Loan Payments

Notwithstanding any provision contained in the Financing Agreement or in the Indenture to the contrary, in addition to any credits on the Loan resulting from the payment or prepayment of Loan Payments from other sources:

(a) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as interest (including moneys received as accrued interest from the sale of the Bonds and any initial deposit of capitalized interest made from the proceeds of the sale of any series of the Bonds) shall be credited against the obligation of the City to pay interest on the Loan as the same becomes due;

(b) any moneys deposited (including earnings thereon) by the Trustee in the Debt Service Fund as principal shall be credited against the obligation of the City to pay the principal of the Loan as the same becomes due in the order of maturity thereof; and

(c) the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Debt Service Fund as interest or principal shall be credited against the obligation of the City to pay interest or principal, as the case may be, as the same become due.

Additional Payments

Subject to annual appropriation, the City shall pay the following amounts to the following persons, all as “Additional Payments” under the Financing Agreement:

(a) to the Trustee, when due, all reasonable fees, charges for its services rendered under the Indenture, the Financing Agreement and any other Transaction Documents, and all reasonable expenses (including without limitation reasonable fees and charges of any Paying Agent, bond registrar, counsel, accountant, engineer or other person) incurred in the performance of the duties of the Trustee under the Indenture or the Financing Agreement for which the Trustee and other persons are entitled to repayment or reimbursement;

(b) to the Trustee, upon demand, an amount necessary to pay rebatable arbitrage in accordance with the Tax Compliance Agreement and the Indenture.

(c) to the Trustee, upon written demand of the Trustee the amount required by to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement;

(d) to the Board, on the Bond Issuance Date, its regular administrative and issuance fees and charges, if any, and all expenses (including without limitation attorney’s fees) incurred by the Board in relation to the transactions contemplated by the Financing Agreement and the Indenture, which are not otherwise to be paid by the City under the Financing Agreement or the Indenture;

(e) to the appropriate person, such payments as are required (i) as payment for or reimbursement of any and all reasonable costs, expenses and liabilities incurred by the Board or the Trustee or any of them in satisfaction of any obligations of the City under the Financing Agreement that the City does not perform, or incurred in the defense of any action or proceeding with respect to the Project, the Financing Agreement or the Indenture, or (ii) as reimbursement for expenses paid, or as prepayment of expenses to be paid, by the Board or the Trustee and that are incurred as a result of a

request by the City, or a requirement of the Financing Agreement and that the City is not otherwise required to pay under the Financing Agreement;

(f) to the appropriate person, any other amounts required to be paid by the City under the Financing Agreement or the Indenture;

(g) to the appropriate person, amounts to be paid pursuant to the Tax Compliance Agreement; and

(h) any past due Additional Payments shall continue as an obligation of the City until they are paid and shall bear interest at the Prime Rate plus 2% during the period such Additional Payments remain unpaid.

Annual Appropriations

The City intends, on or before the last day of each Fiscal Year, to budget and appropriate, specifically with respect to the Financing Agreement, moneys sufficient to pay all the Loan Payments and reasonably estimated Additional Payments for the next succeeding Fiscal Year. The City shall deliver written notice to the Trustee no later than 15 days after the commencement of its Fiscal Year stating whether or not the City Council has appropriated funds sufficient for the purpose of paying the Loan Payments and Additional Payments reasonably estimated to become due during such Fiscal Year. If the City Council shall have made the appropriation necessary to pay the Loan Payments and reasonably estimated Additional Payments to become due during such Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall not constitute an Event of Nonappropriation and, on failure to receive such notice 15 days after the commencement of the City's Fiscal Year, the Trustee shall request the City confirm in writing whether or not such appropriation has been made. If the City Council shall not have made the appropriation necessary to pay the Loan Payments and Additional Payments reasonably estimated to become due during such succeeding Fiscal Year, the failure of the City to deliver the foregoing notice on or before the 15th day after the commencement of its Fiscal Year shall constitute an Event of Nonappropriation.

Annual Budget Request

The City Manager or other officer of the City at any time charged with the responsibility of formulating budget proposals shall include in the budget proposals submitted to the City Council, in each Fiscal Year in which the Financing Agreement shall be in effect, an appropriation for all payments required for the ensuing Fiscal Year; it being the intention of the City that the decision to appropriate or not to appropriate under the Financing Agreement shall be made solely by the City Council and not by any other official of the City. The City intends, subject to the provisions above respecting the failure of the City to budget or appropriate funds to make Loan Payments and Additional Payments, to pay the Loan Payments and Additional Payments under the Financing Agreement. The City reasonably believes that legally available funds in an amount sufficient to make all Loan Payments and Additional Payments during each Fiscal Year can be obtained. The City further intends to do all things lawfully within its power to obtain and maintain funds from which the Loan Payments and Additional Payments may be made, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. The City's Director of Finance is directed to do all things lawfully within such person's power to obtain and maintain funds from which the Loan Payments and Additional Payments may be paid, including making provision for such Loan Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval or by supplemental appropriation in accordance with applicable procedures of the City and to exhaust all available reviews and appeals in the event such portion of the budget or supplemental appropriation is not approved.

Notwithstanding the foregoing, the decision to budget and appropriate funds is to be made in accordance with the City's normal procedures for such decisions.

Loan Payments to Constitute Current Expenses of the City

The Board and the City acknowledge and agree that the Loan Payments and Additional Payments shall constitute currently budgeted expenditures of the City, and shall not in any way be construed or interpreted as creating a liability or a general obligation or debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City, nor shall anything contained in the Financing Agreement constitute a pledge of the general credit, tax revenues, funds or moneys of the City. The City's obligations to pay Loan Payments and Additional Payments under the Financing Agreement shall be from year to year only, and shall not constitute a mandatory payment obligation of the City in any ensuing Fiscal Year beyond the then current Fiscal Year. Neither the Financing Agreement nor the issuance of the Bonds shall directly or indirectly obligate the City to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the City's then current Fiscal Year, but in each Fiscal Year Loan Payments and Additional Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years; provided, however, that nothing in the Financing Agreement shall be construed to limit the rights of the owners of the Bonds or the Trustee to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. Failure of the City to budget and appropriate said moneys on or before the last day of any Fiscal Year shall be deemed an Event of Nonappropriation.

Security for the Loan

The City's obligations to pay the Loan Payments and Additional Payments shall be limited, special obligations of the City payable solely from, and secured as to the payment of principal and interest by, a pledge of, subject to annual appropriation by the City, all general fund revenues and other legally available sources of the City and from amounts pledged to secure repayment of the Loan as provided in the Authorizing Ordinance. The taxing power of the City is not pledged to the payment of the Loan either as to principal or interest. The City's obligation to pay the Loan Payments and Additional Payments shall not constitute general obligations of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

Notwithstanding the foregoing, Payments in Lieu of Taxes (as defined in the Authorizing Ordinance) deposited into the Special Allocation Fund (as defined in the Authorizing Ordinance) are not subject to annual appropriation and are pledged by the City pursuant to the Authorizing Ordinance to secure the Loan Payments and Additional Payments.

The City also pledges (1) the State TIF Revenues (as defined in the Authorizing Ordinance), if any, (2) the TDD Revenues (as defined in the Authorizing Ordinance), if any, and (3) subject to annual appropriation by the City Council as provided in the Authorizing Ordinance, the Economic Activity Tax Revenues (as defined in the Authorizing Ordinance) deposited in the Special Allocation Fund to secure the Loan relating to the Series 2021 Bonds, as well as to the Loan related to the Series 2015C Bonds and bonds issued on a parity therewith.

Additional Bonds

The Board from time to time may, in its sole discretion, at the written request of the City, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided in the Indenture; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds thereof are to be disbursed shall have been approved by resolutions adopted by the Board and the City; (2) the Board and the City shall have entered into a Supplemental Financing

Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of the Financing Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of the Financing Agreement; and (3) the Board and the City shall have otherwise complied with the provisions of the Financing Agreement and the Indenture with respect to the issuance of such Additional Bonds. No Additional Bonds shall be issued on a basis senior to the Series 2021 Bonds with respect to any revenues or security pledged to the Series 2021 Bonds under the Financing Agreement or the Authorizing Ordinance.

Information Provided to the Board and the Trustee

The City shall furnish to the Board, the Trustee and the other parties designated for such notice in the Authorizing Ordinance written notice of any Event of Nonappropriation as soon as practicable, but in no event more than 5 days after such Event of Nonappropriation.

The City will at any and all times, upon the written request of the Trustee or the Board and at the expense of the City, permit the Trustee and the Board by their representatives to inspect the properties, books of account, records, reports and other papers of the City, and to take copies and extracts therefrom, and will promptly afford and procure a reasonable opportunity to make any such inspection, and the City will furnish to the Board and the Trustee any and all information as the Board or the Trustee may reasonably request with respect to the performance by the City of its covenants in the Financing Agreement.

Assignment by the Board

The Board, by means of the Indenture and as security for the payment of the principal of, purchase price, and redemption premium, if any, and interest on the Bonds, will assign, pledge and grant a security interest in all of its rights, title and interests in, to and under the Financing Agreement, including Loan Payments and Additional Payments and other revenues, moneys and receipts received by it pursuant to the Financing Agreement, to the Trustee (reserving its Unassigned Board's Rights) for the benefit of the bondowners.

Restriction on Transfer of Board's Rights

The Board will not sell, assign, transfer or convey its interests in the Financing Agreement except pursuant to the Indenture.

Events of Default and Remedies

The term "Event of Default" or "Default" shall mean any one or more of the following events:

- (a) Failure by the City to make timely payment of any Loan Payment.
- (b) Failure by the City to make any Additional Payment when due and, after notice of such failure, the City shall have failed to make such payment within 10 days following the due date.
- (c) Failure by the City to observe and perform any covenant, condition or agreement on the part of the City under the Financing Agreement or the Indenture, other than as referred to in the preceding subparagraphs (a) and (b) of this paragraph, for a period of 30 days after written notice of such default has been given to the City, by the Trustee or the Board during which time such default is neither cured by the City nor waived in writing by the Trustee and the Board, provided that, if the failure stated in the notice cannot be corrected within said 30-day period, the Trustee and the Board may consent in writing to an extension of such time prior to

its expiration and the Trustee and the Board will not unreasonably withhold their consent to such an extension if corrective action is instituted by the City within the 30-day period and diligently pursued to completion and if such consent, in their judgment, does not materially adversely affect the interests of the bondowners.

- (d) Any representation or warranty by the City in the Financing Agreement or in any certificate or other instrument delivered under or pursuant to the Financing Agreement or the Indenture or in connection with the financing of the Project shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made, unless waived in writing by the Board and the Trustee or cured by the City, if such representation or warranty can be cured to the satisfaction of the Board and the Trustee within 30 days after notice thereof has been given to the City.

Remedies on Default

Subject to the provisions of the Financing Agreement, whenever any Event of Default shall have occurred and be continuing, the Trustee, as the assignee of the Board, may take any one or more of the following remedial steps; provided that if the principal of all Bonds then Outstanding and the interest accrued thereon shall have been declared immediately due and payable pursuant to the provisions of the Indenture, all Loan Payments for the remainder of the Loan Term shall become immediately due and payable without any further act or action on the part of the Board or the Trustee and the Trustee may immediately proceed (subject to the provisions of the Financing Agreement) to take any one or more of the remedial steps set forth in subparagraph (b) of this paragraph:

- (a) By written notice to the City declare the outstanding principal of the Loan due in such Fiscal Year to be immediately due and payable, together with interest on overdue payments of principal and redemption premium, if any, and, to the extent permitted by law, interest, at the rate or rates of interest specified in the respective Bonds or the Indenture, without presentment, demand or protest, all of which are expressly waived.
- (b) Take whatever other action at law or in equity is necessary and appropriate to exercise or to cause the exercise of the rights and powers set forth in the Financing Agreement or in the Indenture, as may appear necessary or desirable to collect the amounts payable pursuant to the Financing Agreement then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the City under the Financing Agreement or the Indenture.

In the enforcement of the remedies provided, the Trustee may treat all fees, costs and expenses of enforcement, including reasonable legal, accounting and advertising fees and expenses, as Additional Payments then due and payable by the City.

Any amount collected pursuant to action so taken shall be paid to the Trustee and applied, first, to the payment of any costs, expenses and fees incurred by the Board or the Trustee as a result of taking such action and, next, any balance shall be used to satisfy any Loan Payments then due by payment into the Debt Service Fund and applied in accordance with the Indenture and, then, to satisfy any other Additional Payments then due or to cure any other Event of Default.

Notwithstanding the foregoing, the Trustee shall not be obligated to take any step that in its opinion will or might cause it to expend time or money or otherwise incur liability, unless and until indemnity satisfactory to it has been furnished to the Trustee at no cost or expense to the Trustee, except as otherwise provided in the Indenture.

The provisions above are subject to the limitation that the annulment of a declaration that the Bonds are immediately due and payable shall automatically constitute an annulment of any corresponding declaration made pursuant to subparagraph (a), above, and a waiver and rescission of the consequences of such declaration and of the Event of Default with respect to which such declaration has been made, provided that no such waiver or rescission shall extend to or affect any other or subsequent Default or impair any right consequent thereon. In the event any covenant, condition or agreement contained in the Financing Agreement shall be breached or any Event of Default shall have occurred and such breach or Event of Default shall thereafter be waived by the Trustee, such waiver shall be limited to such particular breach or Event of Default.

No Remedy Exclusive

Subject to the provisions of the Financing Agreement, no remedy conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon a Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Agreement to Pay Attorneys' Fees and Expenses

Subject to the provisions of the Financing Agreement, in connection with any Event of Default by the City, if the Board or the Trustee employs attorneys or incurs other expenses for the collection of amounts payable under the Financing Agreement or the enforcement of the performance or observance of any covenants or agreements on the part of the City contained in the Financing Agreement, the City agrees that it will, on demand therefor, pay to the Board and the Trustee the reasonable fees of such attorneys and such other reasonable fees, costs and expenses so incurred by the Board and the Trustee.

Board and City to Give Notice of Default

The Board and the City shall each, at the expense of the City, promptly give to the Trustee written notice of any Default of which the Board, the City, as the case may be, shall have actual knowledge or written notice, but the Board shall not be liable for failing to give such notice.

Performance of the City's Obligations

If the City shall fail to keep or perform any of its obligations as provided in the Financing Agreement, then the Board or the Trustee may (but shall not be obligated so to do), upon the continuance of such failure on the City's part for 15 days after notice of such failure is given to the City by the Board or the Trustee, and without waiving or releasing the City from any obligation thereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by the Board or the Trustee and all necessary incidental costs and expenses incurred by the Board or the Trustee in performing such obligations shall be deemed to be Additional Payments and shall be paid to the Board or the Trustee plus interest at the Prime Rate plus 2% on demand.

Remedial Rights Assigned to the Trustee

Upon the execution and delivery of the Indenture, the Board will thereby have assigned to the Trustee all rights and remedies conferred upon or reserved to the Board by the Financing Agreement, reserving only the Unassigned Board's Rights. Subject to the provisions of the Financing Agreement, the Trustee shall have the exclusive right to exercise such rights and remedies conferred upon or reserved to the Board by the Financing Agreement in the same manner and to the same extent, but under the limitations and conditions imposed thereby and by the Indenture. The Trustee and the Bondowners shall be deemed third party creditor

beneficiaries of all representations, warranties, covenants and agreements contained in the Financing Agreement.

Supplemental Financing Agreements without Consent of Bondowners

Without the consent of the owners of any Bonds, the Board, the City may from time to time enter into one or more Supplemental Financing Agreements, for any of the following purposes:

- (a) to subject to the Financing Agreement additional property or to more precisely identify any project financed or refinanced out of the proceeds of any series of Bonds, or to substitute or add additional property thereto; or
- (b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of the Loan, as set forth in the Financing Agreement, additional conditions, limitations and restrictions thereafter to be observed; or
- (c) in connection with the issuance of any Additional Bonds, to make such other provisions as provided in the Financing Agreement; or
- (d) to evidence the succession of another entity to the City and the assumption by any such successor of the covenants of the City contained in the Financing Agreement; or
- (e) to add to the covenants of the City or to the rights, powers and remedies of the Trustee for the benefit of the owners of all or any series of Bonds or to surrender any right or power conferred upon the City; or
- (f) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision or to make any other provisions, with respect to matters or questions arising under the Financing Agreement, which shall not be inconsistent with the provisions of the Financing Agreement, provided such action shall not adversely affect the interests of the owners of the Bonds.

Supplemental Financing Agreements with Consent of Bondowners

With the prior written consent of the owners of not less than a majority in principal amount of the Bonds then Outstanding affected by such Supplemental Financing Agreement, the Board, the City may enter into Supplemental Financing Agreements, in form satisfactory to the Trustee, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Financing Agreement or of modifying in any manner the rights of the Trustee and the owners of the Bonds under the Financing Agreement; provided, however, that no such Supplemental Financing Agreement shall, without the consent of the owner of each Outstanding Bond affected thereby:

- (a) change the stated maturity of the principal of, or any installment of interest on, the Loan, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, the Loan, or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date); or
- (b) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose owners is required for any such Supplemental Financing Agreement, or the consent of whose owners is required for any waiver provided for in the Financing Agreement of compliance

with certain provisions of the Financing Agreement or certain defaults under the Financing Agreement and their consequences; or

- (c) modify any of the provisions of under this subheading, except to increase any percentage provided thereby or to provide that certain other provisions of the Financing Agreement cannot be modified or waived without the consent of the owner of each Bond affected thereby.

The Trustee may in its discretion determine whether or not any Bonds would be affected by any Supplemental Financing Agreement and any such determination shall be conclusive upon the owners of all Bonds, whether theretofore or thereafter authenticated and delivered under the Financing Agreement. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for the required percentage of owners of Bonds to approve the particular form of any proposed Supplemental Financing Agreement, but it shall be sufficient if such act shall approve the substance thereof.

Tax Covenants

The City expresses in the Financing Agreement its intention that interest on the Series 2021 Bonds shall be and remain excluded from the gross income of the owners thereof for federal income tax purposes, and to that end the covenants and agreements of the City in this subheading and in the Tax Compliance Agreement are for the benefit of the Trustee on behalf of and for each and every owner of the Series 2021 Bonds.

The City shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2021 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the City shall comply with the requirements of the Tax Compliance Agreement. This covenant shall survive payment in full or defeasance of the Series 2021 Bonds.

* * *

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

_____, 2021

Missouri Development Finance Board
Jefferson City, Missouri

Goldman Sachs & Co. LLC
New York, New York

City of Independence, Missouri
Independence, Missouri

UMB Bank, N.A., as Trustee
Kansas City, Missouri

Re: \$_____ Missouri Development Finance Board Infrastructure Facilities
Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek
Project) Series 2021

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Missouri Development Finance Board (the “Board”), of the above-referenced bonds (the “Bonds”). The Bonds have been authorized and issued pursuant to the Missouri Development Finance Board Act, Sections 100.250 to 100.297 of the Revised Statutes of Missouri, as amended (the “Act”), and the Bond Trust Indenture dated as of October 1, 2015, between the Board and Commerce Bank, as trustee (the “Original Trustee”), as amended by a First Supplemental Bond Trust Indenture dated as of June 1, 2021 (together, the “Indenture”) between the Board and UMB Bank, N.A., Kansas City, Missouri, successor in interest to the Original Trustee (the “Trustee”). All capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The proceeds of the Bonds will be used by the Board to make a loan to the City of Independence, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the “City”), pursuant to a Financing Agreement dated as of October 1, 2015 (the “Original Financing Agreement”), as supplemented by a First Supplemental Financing Agreement dated as of June 1, 2021 (the “First Supplemental Financing Agreement,” and together with the Original Financing Agreement, the “Financing Agreement”), between the Board and the City.

Reference is made to an opinion of even date herewith of the City Counselor of the City, with respect to, among other matters, (a) the power of the City to enter into and perform its obligations under the Financing Agreement and the Tax Compliance Agreement, (b) the passage and effectiveness of the Authorizing Ordinance, and (c) the due authorization, execution and delivery of the Financing Agreement and the Tax Compliance Agreement by the City and the binding effect and enforceability thereof against the City.

In our capacity as Bond Counsel, we have examined a certified transcript of proceedings relating to the authorization and issuance of the Bonds, which transcript includes, among other documents and proceedings, the following:

- (i) the Indenture;
- (ii) the Financing Agreement; and
- (iii) the Tax Compliance Agreement.

We have also examined the Constitution and statutes of the State of Missouri, insofar as the same relate to the authorization and issuance of the Bonds and the authorization, execution and delivery of the Indenture, Financing Agreement and the Tax Compliance Agreement.

Based upon such examination, we are of the opinion, as of the date hereof, as follows:

1. The Board is a body corporate and politic duly and legally organized and validly existing under the Act and has lawful power and authority to issue the Bonds and to enter into the Indenture, the Financing Agreement and the Tax Compliance Agreement and to perform its obligations thereunder.

2. The Bonds are in proper form and have been duly authorized and issued in accordance with the Constitution and statutes of the State of Missouri, including the Act.

3. The Bonds are valid and legally binding limited obligations of the Board according to the terms thereof, payable as to principal and interest solely from, and secured by a valid and enforceable pledge and assignment of the Trust Estate, all in the manner provided in the Indenture. The Bonds do not constitute a debt of the State of Missouri or of any other political subdivision thereof and do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. The Board has no taxing power.

4. The Indenture, the Financing Agreement and the Tax Compliance Agreement have been duly authorized, executed and delivered by the Board and constitute valid and legally binding agreements enforceable against the Board in accordance with the respective provisions thereof.

5. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Board and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the City have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Financing Agreement and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds, except as otherwise expressly stated. Further, we express no opinion regarding the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

APPENDIX G

TAX INCREMENT FINANCING IN MISSOURI

Overview

Tax increment financing is an economic development tool whereby cities and counties encourage the redevelopment of designated areas. The theory of tax increment financing is that, by encouraging redevelopment projects, the value of real property in a redevelopment area should increase and, if the redevelopment project includes establishments that pay sales and other economic activity taxes, the amounts of economic activity taxes generated by the redevelopment area should also increase.

When tax increment financing is adopted for a redevelopment area, the assessed value of real property in the redevelopment area is frozen for tax purposes at the then current base level prior to the construction of improvements. The owners of the property continue to pay property taxes at the base level. As the property is improved, the assessed value of real property in the redevelopment area should increase above the base level. By applying the tax rate of all Taxing Districts (defined below) having taxing power within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a “tax increment” is produced. The annual tax increments (referred to as “Payments in Lieu of Taxes” or “PILOTS”) are paid by the owners of property in the same manner as regular property taxes. The Payments in Lieu of Taxes are transferred by the collecting agency to the treasurer of the city or county and deposited in the PILOTS Account of a “special allocation fund.” Similarly, an amount (referred to as “Economic Activity Tax Revenues” or “EATS”) attributable to 50% of the increase in tax revenues generated by economic activities within the redevelopment area (including sales and utilities taxes, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments, other than Payments in Lieu of Taxes, sales taxes levied pursuant to Section 70.500 RSMo and taxes levied for the purpose of public transportation pursuant to Section 94.660 RSMo and the sales tax imposed by Jackson County, Missouri to fund improvements to the stadium sports complex) over the amount of such taxes generated by economic activities within the redevelopment area in the calendar year prior to the adoption of tax increment financing for the redevelopment area by the City are transferred by the collecting agency to the treasurer of the city or county and deposited in an economic activity tax account of such special allocation fund. Tax increment financing for the Crackerneck Redevelopment Project was adopted in 2004. All or a portion of the moneys in the special allocation fund are used to pay redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

The TIF Act

The TIF Act was enacted in 1982 and has been amended several times in subsequent years. The constitutional validity of the TIF Act (prior to the amendments) was upheld by the Missouri Supreme Court in *Tax Increment Financing Commission of Kansas City, Missouri v. J.E. Dunn Construction Co., Inc.*, 781 S.W.2d 70 (Mo. 1989) (en banc). The TIF Act authorizes cities and counties to provide long-term financing for redevelopment projects in “blighted” and “conservation” areas (as defined in the TIF Act) through the issuance of bonds and other obligations. Prior to the amendments to the TIF Act, such obligations were payable solely from Payments in Lieu of Taxes derived from the redevelopment area. As a result of amendments to the TIF Act, such obligations are also payable from Economic Activity Tax Revenues derived from the redevelopment area, except those Economic Activity Tax Revenues expressly excluded in the TIF Act. The validity of certain portions of amendments to the TIF Act relating to the capture of Economic Activity Tax Revenues was upheld by the Missouri Supreme Court in *County of Jefferson v. QuikTrip Corporation*, 912 S.W.2d 487 (Mo. 1995) (en banc).

Amendments to the TIF Act have been proposed in each legislative session during recent years. In connection with proposed amendments to the TIF Act that may be introduced in future legislative sessions, it is not possible to predict the nature of such proposed amendments or whether such proposed amendments to the TIF Act will become law during future sessions of the General Assembly.

Although Payments in Lieu of Taxes may be irrevocably pledged to the repayment of bonds, Economic Activity Tax Revenues are subject to annual appropriation by the governing body of the city, and there is no obligation on the part of the governing body to appropriate Economic Activity Tax Revenues in any year. See the captions **“BONDOWNERS’ RISKS – Risk Factors Relating to Annual Appropriations”** herein.

Tax Increment Financing Litigation

From time to time cases are filed in a Missouri court challenging certain aspects of the TIF Act. Circuit courts in Missouri are trial courts and decisions in those courts are not binding on other Missouri courts. Circuit court decisions, whether favorable or unfavorable with respect to the constitutionality and application of the TIF Act, may be appealed to a Missouri Court of Appeals, and, ultimately, the Missouri Supreme Court. If the plaintiffs are successful in one or more of the currently pending cases, the court’s decision may interpret the requirements of the TIF Act in a manner adverse to the establishment of tax increment financing for the Crackerneck Creek Redevelopment Area. It is not possible to predict whether an adverse holding in any current or future litigation would prompt a challenge to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area. If current or future litigation challenging all or any part of the TIF Act were to be applied to the adoption of tax increment financing in the Crackerneck Creek Redevelopment Area, Economic Activity Tax Revenues and Payments in Lieu of Taxes may not be available to pay principal of and interest on the Outstanding Project Bonds and the enforceability of the Indenture could be adversely affected. Neither the Board, the City nor any other party involved in the issuance and sale of the Series 2021 Bonds can predict or guarantee the outcome of any currently pending or future litigation challenging the constitutionality or the application of the TIF Act or the application by a court of a potential holding in any case to other tax increment projects.

Assessment and Collection of Ad Valorem Taxes

General. The City and the Crackerneck Creek Redevelopment Area are located within Jackson County, Missouri (the “County”). On or before September 1 in each year, each political subdivision located within the County which imposes ad valorem taxes (the “Taxing Districts”) is required to estimate the amount of taxes that will be required during the next succeeding fiscal year to pay interest falling due on general obligation bonds issued and the principal of bonds maturing in such year and the costs of operation and maintenance plus such amounts as shall be required to cover emergencies and anticipated tax delinquencies. The Taxing Districts certify the amount of such taxes which shall be levied, assessed and collected on all taxable tangible property in the County to the County Assessor by September 1. All taxes levied must be based upon the assessed valuation of land and other taxable tangible property in the County as shall be determined by the records of the County Assessor and must be collected and remitted to the Taxing Districts. All the laws, rights and remedies provided by the laws of the State for the collection of State, county, city, school and other ad valorem taxes are applicable to the collection of taxes authorized to be collected in the Crackerneck Creek Redevelopment Area.

The Missouri Constitution requires uniformity in taxation of real property by directing such property to be subclassed as agricultural, residential or commercial and permitting different assessment ratios for each subclass. Agricultural real property is currently assessed at 12% of true value in money, residential property is currently assessed at 19% of true value in money and commercial, industrial and all other real property is assessed at 32% of true value in money. The phrase “true value in money” has been held to mean “fair market value” except with respect to agricultural property.

Real property within the County is assessed by the County Assessor. The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The Board of Equalization has the authority to question and determine the proper values of real property and then adjust and equalize individual properties appearing on the tax rolls. The County Collector collects taxes for all Taxing Districts within the County limits. The County Collector deducts a commission for its services. After such collections and deductions of commission, taxes are distributed according to the Taxing District's pro rata share.

Taxes are levied on all taxable property based on the equalized assessed value thereof determined as of January 1 in each year. Under Missouri law, each property must be reassessed every two years (in odd numbered years). The County Collector prepares the tax bills and mails them to each taxpayer in September. Payment is due by December 31, after which taxes become delinquent and accrue a penalty of one percent per month. In the event of an increase in the assessed value of a property, notice of such increase must be given to the owner of the affected property, which notice is generally given in March.

Valuation of Real Property. The County Assessor must determine the assessed value of a property based upon the State law requirement that property be valued at its true value in money. For agricultural land, true value is based on its productive capability. As to residential and commercial property, true value in money is the fair market value of the property on the valuation date. The fair market value is arrived at by using the three universally recognized approaches to value: cost approach, the sales comparison approach and the income approach.

The cost approach is typically applied when a property is newly constructed and is based on the principle of substitution. This principle states that no informed buyer will pay more for a property than the cost to reproduce or replace the property. Value is determined under the cost approach by adding the estimated land value to the replacement or reproduction cost reduced by estimated depreciation. Courts have held however, that construction cost alone is not a proper basis for determining true value in money and that all factors which affect the use and utility of the property must be considered.

The sales comparison approach determines value based upon recent sales prices of comparable properties. Comparable sales are adjusted for differences in properties by comparing such items as sales price per square foot and net operating income capitalization rates.

The income approach estimates market value by discounting to present value a stream of estimated net operating income. First, the property's gross potential income is estimated based on gross rents being generated at the property. A vacancy allowance is then deducted to arrive at effective gross income. Next, allowable operating expenses are deducted to arrive at an estimate of the property's net operating income. Finally, the net operating income is divided by an appropriate capitalization rate to arrive at the estimated present value of the income stream.

Certain properties, such as those used for charitable, educational, and religious purposes, are excluded from both the real estate ad valorem tax and personal property tax. In addition, pursuant to various State statutes, the City and other public entities may grant real estate tax abatement, under certain conditions, to businesses building or rehabilitating property within their boundaries.

Appeal of Assessment. State statutes establish various mechanisms for a property owner to appeal the assessment of a tax on its property. Typically, there are four issues that can be raised in property tax appeals: overvaluation, uniformity, misclassification and exemption. Overvaluation appeals are the most common appeals presented by taxpayers. An overvaluation appeal requires the taxpayer to prove that the true value in money of the property is less than that determined by the assessor. Uniformity appeals are based on the assertion that other property in the same class and county as the subject property is assessed at a lower percentage of value than the subject property. A misclassification appeal is based on an assertion that assessing

authorities have improperly subclassed a property. Exemption appeals are based on claims that the property in question is exempt from taxation.

Overvaluation appeals generally must be made administratively, first to the Board of Equalization and then to the State Tax Commission, within prescribed time periods following notice of an increase in assessment. Appeals to the Board of Equalization must be filed with the County Clerk as Secretary of the Board of Equalization on or before the third Monday in June of each year. Appeals to the State Tax Commission must be filed by the later of September 30 or 30 days after the date of the final decision of the Board of Equalization. Where valuation is not an issue, appeals must be taken directly to the State circuit court rather than the State Tax Commission. If an appeal is pending on December 31, the due date for the payment of taxes, State statutes provide a procedure for the payment of taxes under protest. If taxes are paid but not under protest, the taxpayer cannot recover the amount paid unless the taxes have been mistakenly or erroneously paid. Application for a refund of mistakenly or erroneously paid taxes must be made within one year after the tax in dispute was paid. Typically, only that portion of the taxes being disputed is identified as being paid under protest, unless a claim of exemption is being asserted. The portion of the tax paid under protest is required to be held in an interest bearing account. Unless an appeal before the Board of Equalization or State Tax Commission is pending, suit must be brought by the taxpayer to resolve the dispute within 90 days, or the escrowed funds will be released to the Collector of Revenue and distributed to the Taxing Districts.

No owner of any property located within the Crackerneck Creek Redevelopment Area is restricted from appealing the determination of the assessed value of any such property. Any appeals, however, will be required to be conducted in the manner as summarized above under current law.

Reassessment and Tax Rate Rollback. A general reassessment of all property in the State is required to be conducted every two years. When, as a result of such reassessment, the assessed valuation within a Taxing District increases by more than an allowable percentage pursuant to the Hancock Amendment (as hereinafter described), the Taxing District is required to roll back the rate of tax within the Taxing District so as to produce substantially the same amount of tax revenue as was produced in the previous year increased by an amount called a “preceding valuation factor.” A “preceding valuation factor” is a percentage increase or decrease based on the average annual percentage changes in total assessed valuation of the County over the previous three or five years, whichever is greater, adjusted to eliminate the effect of boundary changes, changes from State to County assessed property, general reassessment and State ordered changes.

The Hancock Amendment. An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on September 4, 1980, and went into effect with the 1981-82 fiscal year. The amendment (Article X, Sections 16 through 24 of the Missouri Constitution, and popularly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes that shall be imposed in any fiscal year, and provides that the limit shall not be exceeded without voter approval.

Provisions are included in the Hancock Amendment for rolling back tax rates to produce an amount of revenues equal to that of the previous year if the definition of the tax base is changed or if property is reassessed. The tax levy on the assessed valuation of new construction is exempt from this limitation in the initial year of new construction. The limitation on local governmental units also does not apply to taxes imposed for the payment of principal of, premium, if any, and interest on bonds approved by the requisite percentage of voters.

Tax Delinquencies. Taxes and Payments in Lieu of Taxes due upon any real estate within the Crackerneck Creek Redevelopment Area remaining unpaid on the first day of January, annually, are delinquent, and the County Collector is empowered to enforce the lien of the taxing jurisdictions thereon. Whenever the County Collector is unable to collect any taxes on the tax roll, having diligently endeavored and used all lawful means to do so, the County Collector is required to compile lists of delinquent tax bills collectible by such office. All lands and lots on which taxes are delinquent and unpaid are subject to suit to collect delinquent tax bills or

suit for foreclosure of the tax liens. Upon receiving a judgment, the Sheriff must advertise the sale of the land, fixing the date of sale within 30 days after the first publication of the notice. Delinquent taxes, with penalty, interest and costs, may be paid to the County Collector at any time before the property is sold therefor. No action for recovery of delinquent taxes shall be valid unless initial proceedings therefor are commenced within five years after delinquency of such taxes.

Collection of Economic Activity Tax Revenues

Retail businesses are required to collect the sales tax from purchasers at the time of sale and pay the amounts collected to the Department of Revenue of the State with the filing of returns, except for the sales tax on motor vehicles, trailers, boats and outboard motors, which is due at the time application is made for title and registration. The sales volume of a retail business determines the frequency of payments made to the Department of Revenue of the State. In most cases, the retail businesses in the City make monthly payments to the Department of Revenue of the State, which are due on the tenth day of each calendar month for sales taxes collected in the preceding calendar month. Retail businesses located in the City submit applications to the City for a merchants license and an occupancy permit, and before such license and permit are awarded verification of a tax identification number from the State is made by the City. In the event of a failure by a retail business to remit sales taxes, interest and penalties, the unpaid amount may become a lien in the nature of a judgment lien against the delinquent taxpayer. In the event of overpayment by any retail business as a result of error or duplication, provision is made under State law for refunds.

Pursuant to State law, taxpayers who promptly pay their sales tax are entitled to retain 2% of the amount of taxes owed. Within 30 days of receipt of sales taxes by the Department of Revenue of the State, the Director of the Department of Revenue remits to the State Treasurer for deposit in a special trust fund for the benefit of each political subdivision entitled to a sales tax distribution the amount of such sales tax receipts less 1% of such amount which constitutes a fee paid to the State for collecting and distributing the tax. The State Treasurer then distributes moneys on deposit in the special trust fund on behalf of each such political subdivision to such political subdivision on a monthly basis.

Newly-Approved Taxes are not Subject to Capture for Special Allocation Fund

Since August 28, 2014, when voters in a Taxing District vote to approve an increase in such Taxing District's levy rate for ad valorem tax on real property, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such Taxing District's levy rate are **not** considered Payments in Lieu of Taxes subject to deposit into a special allocation fund unless such Taxing District gives its consent to such capture. Revenues are considered directly attributable to the newly voter-approved incremental increase to the extent that they are generated from the difference between the Taxing District's actual levy rate currently imposed and the maximum voter approved levy rate at the time that the redevelopment project was adopted.

Since August 28, 2014, when voters in a Taxing District vote to approve an increase in such Taxing District's sales tax or use tax, other than the renewal of an expiring sales or use tax, any additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase in such Taxing District's levy rate are **not** considered Economic Activity Tax Revenues subject to deposit into a special allocation fund unless such Taxing District gives its consent to such capture.

It is not possible to predict with certainty how this amendment will be interpreted and how the amount of "additional revenues generated within an existing redevelopment project area that are directly attributable to the newly voter-approved incremental increase" will be determined in part because tax rates are subject to adjustment and rollback pursuant to the Hancock Amendment. The effects of the amendments to the TIF Act and the tax-rate rollbacks required under the Hancock Amendment could result in a reduction in the amount of

Payments in Lieu of Taxes or Economic Activity Tax Revenues available for the payment of the Outstanding Project Bonds.

APPENDIX H

ACTUARIAL REPORT OF GRS RETIREMENT CONSULTING

APPENDIX I

**ACTUARIAL REPORT OF
LEWIS & ELLIS INC.**

APPENDIX J

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** (the “Disclosure Undertaking”) dated as of June 1, 2021, is executed and delivered by the City of Independence, Missouri (the “City”), in connection with the issuance of Infrastructure Facilities Refunding Revenue Bonds (City of Independence, Missouri – Crackerneck Creek Project) Series 2021 issued by the Missouri Development Finance Board (the “Board”) on behalf of the City in the aggregate principal amount of \$_____ (the “Bonds”).

The Bonds are issued pursuant to a Bond Trust Indenture dated as of October 1, 2015, as amended and supplemented by a First Supplemental Bond Trust Indenture dated as of June 1, 2021 (together, the “Indenture”).

In order to permit the Underwriter to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended, in connection with the public offering of the Bonds, the City, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agrees, for the sole and exclusive benefit of holders and Beneficial Owners (as hereinafter defined) of the Bonds, as follows:

Section 1. Definitions. Capitalized terms used but not defined herein as follows shall have the meaning ascribed to them in the Indenture.

“Annual Financial Information” shall mean the information specified in Section 3 hereof.

“Beneficial Owner” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Bonds” shall mean the bonds described above.

“City” shall mean the City of Independence, Missouri, a municipality of the State of Missouri constituting a political subdivision, and any successor thereto.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures.

“Fiscal Year” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“GAAP” shall mean accounting principles generally accepted in the United States of America as prescribed from time to time for governmental units by the Governmental Accounting Standards Board.

“GAAS” shall mean generally accepted auditing standards as in effect from time to time in the United States.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Obligated Person” shall mean the person (including an issuer of separate securities) that is committed by contract or other arrangements structured to support payment of all or part of the obligations under the municipal securities.

“Official Statement” shall mean the Official Statement related to the Bonds dated June __, 2021.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended from time to time.

“Underwriter” shall mean Goldman Sachs & Co. LLC.

Section 2. Obligations to Provide Continuing Disclosure.

(a) Obligations of the City.

(i) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide, no later than January 2 of each year commencing January 2, 2022 (or, if the City’s Fiscal Year shall no longer end on June 30, 180 days after the end of each of its Fiscal Years) to the MSRB via EMMA, the City’s Comprehensive Annual Financial Report (the “Annual Report”), which includes (A) the audited financial statements of the City for the prior fiscal year, and (B) updates to the information in the tables in Appendix A to the Official Statement under the headings “FINANCIAL INFORMATION CONCERNING THE CITY – Property Valuations – *Current Assessed Valuation*,” “– *History of Property Valuation*,” and “– *Major Real Property Taxpayers*”; and “FINANCIAL INFORMATION CONCERNING THE CITY – Obligations of the City,” and – Overlapping or Underlying Indebtedness”. If the City’s Comprehensive Annual Report is not then available, unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds and the operating information described in (B) above shall be provided no later than January 2 of each year commencing January 2, 2022 (or, if the City’s Fiscal Year shall no longer end on June 30, 180 days after the end of each of its Fiscal Years) and the Comprehensive Annual Report shall be delivered to the MSRB if and when it becomes available. The Annual Report shall be provided to the MSRB in such manner and format as prescribed by the MSRB.

(ii) The Trustee, based upon information that has been provided to and actually received by it in its capacity as Trustee, if other than an officer of the City, shall notify the City of the occurrence of any of the events with respect to the Bonds listed in Section 2(a)(iii) hereof promptly upon becoming aware of the occurrence of any such event.

(iii) The City hereby undertakes, for the benefit of the holders and Beneficial Owners of the Bonds, to provide to the MSRB via EMMA and the Trustee, not later than 10 Business Days from the occurrence thereof, notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.
- (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(iv) The City shall also provide to the MSRB in a timely manner notice of any failure of the City to provide the MSRB the Annual Report or financial statements required by paragraph (i) of this Section 2(a) on or before the date specified.

(v) Notwithstanding the foregoing, notice of listed events described in (iii)(8) above need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

(b) Termination or Modification of Disclosure Obligation. The City's obligations herein shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations hereunder are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 2(a)(iii)**.

(c) Other Information. Nothing herein shall be deemed to prevent the City from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the City should disseminate any such additional information, the City shall have

no obligation hereunder to update such information or include it in any future materials disseminated hereunder.

Section 3. Annual Financial Information.

(a) Specified Information. The Annual Financial Information of the City shall consist of the Annual Report as described in Section 2(a)(i).

(b) Incorporation by Reference. Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “obligated person” (as defined by Rule 15c2-12), which have been provided to the MSRB and is available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB via EMMA. The City shall clearly identify each such other document so included by reference.

(c) Informational Categories. The requirements contained in this Disclosure Undertaking are intended to set forth a general description of the type of financial information and operating data to be provided by the City, such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of this Disclosure Undertaking call for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Financial Statements.

The annual financial statements of the City for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS. The annual financial statements may be provided by specific incorporation by reference to any other documents which have been filed with the MSRB and the Securities and Exchange Commission.

Section 5. Remedies.

If the City should fail to comply with any provision of this Disclosure Undertaking, then any holder or Beneficial Owner of Bonds may enforce, for the equal benefit and protection of all the holders or Beneficial Owners of the Bonds similarly situated, by mandamus or other suit or proceeding at law or in equity, against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of such party hereunder, and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided, further, that the rights of any holder or Beneficial Owner to challenge the adequacy of the information provided in accordance with Sections 2 and 3 hereunder are conditioned upon the provisions of the Indenture with respect to the enforcement of remedies of holders upon the occurrence of an Event of Default as though such provisions applied hereunder. Failure of any party to perform its obligations hereunder shall not constitute an Event of Default under any agreement executed and delivered in connection with the issuance of the Bonds.

Section 6. Parties in Interest.

The provisions of this Disclosure Undertaking shall inure solely to the benefit of holders and Beneficial Owners from time to time of the Bonds, the Underwriter, the City and the Trustee, and shall create no rights in any other person or entity.

Section 7. Amendments.

(a) Without the consent of any of the holders or Beneficial Owners of the Bonds, the City, at any time and from time to time, may amend or make changes this Disclosure Undertaking for any purpose, if:

(i) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or any type of business or affairs it conducts;

(ii) the undertakings set forth herein, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of Rule 15c2-12 on the date hereof, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and

(iii) the amendment, in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Bonds.

(b) Annual Financial Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change in the type of operating data or financial information in the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent in a timely manner by the City to the MSRB.

Section 8. Termination.

This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Bonds shall have been paid in full or the Bonds shall have otherwise been paid or legally defeased pursuant to the Indenture; provided, however, that if Rule 15c2-12 (or successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided, further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Bonds, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any legal defeasance of the Bonds, the City shall

provide notice of such defeasance to the MSRB and such notice shall state whether the Bonds have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 9. Notices.

Any notices or communications to the City may be given as follows:

City of Independence, Missouri
111 East Maple
City of Independence, Missouri 64050
Attention: Director of Finance
Telephone: (816) 325-7078
Fax: (816) 325-7075

The City may, by written notice to the Trustee, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 10. Designated Agents.

The City may, from time to time, appoint or designate one or more agents (each, a “designated agent”) to submit Annual Financial Information, Material Event notices, and other notices or reports with the MSRB via EMMA. The City hereby appoints the Trustee and Gilmore & Bell, P.C. as designated agents of the City solely for the purpose of submitting City-approved Annual Financial Information, event notices, and other notices or reports to the MSRB via EMMA as requested by the City. The City may revoke this designation at any time upon written notice to the designated agent, and may designate one or more additional designated agents for purposes of this **Section 10** from time to time by written designation to the newly appointed designated agent.

Section 11. Electronic Transactions.

The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law.

This Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Disclosure Undertaking as of the date first above written.

CITY OF INDEPENDENCE, MISSOURI,
as Obligated Person

By: _____